

Sir Geoffrey Howe, the British foreign secretary, left, listening to Jacques Delors, president of the EC Commission, at Sunday's meeting of EC foreign ministers in Brussels.

## EC Faces a North-South Split As Leaders Open Budget Talks

By Peter Maass

International Herald Tribune  
BRUSSELS — Less than a mile from the site of this week's European Community summit meeting is a fair that features the best in EC food, drink and entertainment. Marking the community's 30th anniversary, the fair even uses the European currency unit as legal tender.

But the heads of government scheduled to meet here on Monday and Tuesday may be wondering whether there is good cause for a celebration. Once again, the EC leaders face a daunting agenda packed with an array of complex, nearly intractable, problems that seem to worsen whenever they are approached.

EC diplomats say the leaders are probably headed toward more po-

litical disarray over community finances, with verbal reprimands flying while solutions sink. This time, the southern, poorer nations are likely to square off against the northern, wealthier countries.

The EC leaders are to debate ways to extricate the community from its gradual slide into multi-billion-dollar debt. With agricultural spending running out of control, the community faces a spending deficit this year of about \$6 billion, according to most estimates.

The deficit has exacerbated tensions in the community, diverting precious time and money away from other projects. The community's technological research program is being held up by a British veto, while progress toward a barrier-free "Common Market" tortuously inches along.

The working paper also called

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### Kiosk

#### 3 U.S. Soldiers Die in Explosion

HOHENFELS, West Germany (Reuters) — Three U.S. soldiers were killed Monday and 12 were injured in an accidental demolition charge during a routine exercise at an American training ground, a U.S. army spokesman said.

The accident occurred at Hohenfels training ground, about 30 miles (50 kilometers) southeast of Nuremberg. West German police said up to 30 soldiers were injured in the blast, at least 15 seriously.

Angolans Release An American Pilot

LUANDA, Angola (AFP) — The Angolan government on Sunday released Joseph Longo, an American pilot who had been detained since April 24, when his plane was shot down in southern Angola for violating the country's airspace. He was turned over to a delegation of U.S. congressmen.

An Angolan official said the release was a "gesture of good will."



Mark McGwire, a rookie with the Oakland Athletics, hit five home runs in weekend baseball games. Page 13.

GENERAL NEWS  
■ President Reagan's friends and foes say he is at the weakest point in his presidency. Page 3.

BUSINESS/FINANCE  
■ A novel approach to loan restructuring, using U.S. Treasury bonds, could help resolve the world debt crisis. Page 7.

#### OPEC Revises Output, But Iraq Rejects Quota

Compiled by Our Staff From Dispatches

VIENNA — The Organization of Petroleum Exporting Countries announced Saturday that it would increase its oil production for the second half of this year, but by less than it had originally planned, in order to protect its \$18-a-barrel benchmark price. But on Sunday, Iraq vowed to ignore the accord.

Oil prices, which were already climbing in anticipation of such an agreement, could rise slightly despite Iraq's pledge, analysts said.

In a move that raised questions on how long the cartel's apparent unity would last, Iraq followed its second successive refusal to sign an OPEC accord with a pledge to pump oil to its full capacity. Iraq declined to sign the agreement because it was again denied its demand for production equality with its war rival, Iran.

Within OPEC, the agreement was actually a victory for Iran, which wants to raise oil prices sharply, over OPEC moderates such as Saudi Arabia, who favor lower oil prices but higher production, oil analysts said.

OPEC's benchmark price is \$3 more than it was last December when the organization decided to cut production in order to push up prices. But it is far below the \$27 level that existed before oil prices collapsed two years ago.

Ministers from the 13-nation cartel approved a plan that would raise production for the third and fourth quarters to 16.6 million barrels a day — an amount representative of U.S. congressional sources.

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Riwamu Lukman, president of OPEC, explains OPEC's agreement.

See KOREA, Page 5

By Keith Schneider  
New York Times Service

WASHINGTON — Nearly a generation after U.S. technology companies unleashed a new wave of computers, telecommunications gear and electronic equipment, executives and employees are discovering that the sophisticated machines in many cases have hampered their work.

Although companies in every part of the economy have been experiencing difficulties with the equipment, no sector appears to be having more trouble than businesses that sell services.

During the 1980s, the average yearly rate of growth in the productivity of businesses

## Seoul Hints at Flexibility

### Official Suggests Constitution Could Be Revised

By John Burgess  
Washington Post Service

SEOUL — The ruling Democratic Justice Party hinted over the weekend at new concessions to the opposition, whose leaders met Sunday to consider the offer of talks that reportedly would include the holding of new elections and the rewriting of South Korea's constitution.

The capital and provincial cities, which were rocked by often-violent rallies Friday, generally were quiet on Saturday and Sunday.

One of the broadest suggestions of new flexibility in the government came from Lee Choon Koo, secretary-general of the ruling party.

He was quoted Saturday as saying it was "unthinkable" that the constitution would remain in force long enough for President Chun Doo Hwan to transfer power to a successor when his term ends in February.

Mr. Lee's remarks came at the same time as other press reports and statements by party officials that suggested a willingness to discuss immediate constitutional change, as well as possibly canceling the nomination of Mr. Chun's chosen successor, Roh Tae Woo.

Under another proposal, discussed at a ruling party caucus Saturday, the National Assembly would be dissolved and a general election called.

There was no commitment to do any of these things, however. It was also unclear how the opposition would react to them.

Kim Young Sam, president of the main opposition party, met with Mr. Chun on Wednesday. Mr. Kim later called the meeting a failure, saying Mr. Chun agreed only to discuss constitutional change, not to grant opposition demands about how and when the talks would take place.

At the meeting, Mr. Kim also spurred Mr. Chun's suggestion that he meet with Mr. Roh and continue negotiating a settlement to a crisis of street demonstrations that began June 10, the day Mr. Roh was nominated.

However, state-run television said that Mr. Kim had offered Saturday to meet with Mr. Roh, on condition that the two parties first issue a joint communiqué on the release of political prisoners and lifting of press controls.

[On Sunday, Kim Young Sam and Kim Dae Jung, another opposition leader, said they would confer Monday on the new government concessions. United Press International reported from Seoul.]

[In Washington, Secretary of State George P. Shultz called the government's stated willingness to negotiate "a very encouraging development, something we've worked for a long time."

[Mr. Shultz, on an NBC television interview program, said that

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Gadhafi in Algiers, Reportedly to Discuss Unity Plan

Colonel Muammar Gadhafi, the Libyan leader, left, being greeted by Chadli Bendjedid, the Algerian president, on his arrival Sunday in Algiers. Algerian official sources said the two leaders would discuss Libya's call for a political merger between the two countries. Since 1969, Colonel Gadhafi has tried to merge Libya with Morocco, Tunisia, Niger, Chad, Egypt and Sudan.

## Meese's Role: Protect Reagan

### Attorney General May Have Obscured Iran-Contra Details

By Walter Pincus and Dan Morgan  
Washington Post Service

WASHINGTON — Attorney General Edwin Meese III, in a televised announcement last Nov. 25, broke the news that millions of dollars from the secret sale of U.S. arms to Iran had been diverted to help the Nicaraguan rebels, whom Congress had banned from receiving

the aid.

At the time, the revelations by the nation's chief law enforcement official seemed to support his assertion that the administration of President Ronald Reagan was "doing everything we can to be sure that there is no hint that anything is concealed."

But documents and testimony obtained later by the presidential review board headed by former Senator John G. Tower and by investigating committees of Congress suggest that the news conference was part of a larger cover-up to protect Mr. Reagan and shift the spotlight to his White House aides, especially Lieutenant Colonel Oliver L. North of the National Security Council staff.

On the previous day, Colonel North's attorney, Thomas C. Green, had begun a discussion of the diversion with a deputy to Mr. Meese by saying, "Colonel North is you, your ultimate marine, and he wants to step forward and take the spear in his own chest."

At the news conference, Mr.

NEWS ANALYSIS

Meese denied that the president knew of the diversion. He identified Colonel North as "the only person in the United States that knew precisely about this." The denial is yet to be refuted.

However, information disclosed since November indicates that Mr. Meese made a number of statements that day about the president and two 1985 arms shipments to Iran that he knew, or should have known, were untrue or misleading.

The attorney general said that the president had not learned of a November 1985 arms shipment until February 1986, that no one in the U.S. government had authorized the November delivery and that both that shipment and one in

September "took place between Israel and Iran, [and] did not involve at that time the United States."

It is now strongly suspected that none of those statements was true.

According to recent sworn testimony before Congress, a cover-up of the 1985 deals was going on within the administration at the time of the news conference, and Mr. Meese was aware of it. The statements Mr. Meese made in that conference about the November 1985 shipment coincided with arguments that were invented by those planning the cover-up, Assistant Attorney General Charles J. Cooper has testified.

The administration was sensitive since November to indications that the U.S. role in the Israeli shipments of 1985. The September and November Israeli shipments apparently violated the Arms Export Control Act, which governs the transfer of U.S. arms to third countries by U.S. allies. The November deliveries, in which the CIA was involved, also required a presidential authorization but did not have one.

More, an after-the-fact authority

See IRAN, Page 5

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More, an after-the-fact authority

See IRAN, Page 5

## High Tech Actually Cuts Productivity in U.S. Service Industry

By Keith Schneider  
New York Times Service

WASHINGTON — Nearly a generation after U.S. technology companies unleashed a new wave of computers, telecommunications gear and electronic equipment, executives and employees are discovering that the sophisticated machines in many cases have hampered their work.

Although companies in every part of the economy have been experiencing difficulties with the equipment, no sector appears to be having more trouble than businesses that sell services.

How long can the nation thrive, experts are asking, if service industries that now account for 68 percent of the gross national product, which is the total of goods and

services produced, and for 71 percent of all jobs are no longer able to compete?

"It's been an extraordinarily long time between the introduction of the new technology and its impact on the service industries," said Jerome A. Mark, associate commissioner for productivity and technology at the Labor Department. "It's troublesome."

The reasons for the stagnation are complex and not yet completely understood, but the reports from economists and executives identify three principal causes:

• Many managers and employees still do not know how to use computers effectively.

• Supervisors have not developed techniques to take advantage of the new technology.

• Equipment still suffers from reliability problems.

One major New York bank spent most of this decade and tens of millions of dollars working the bugs out of a complex computer and communications system to provide stock transfer services to major corporations.

Airline companies report improvement in handling reservations, but workers at the counter and customers still complain of

See TECHNOLOGY, Page 9

## U.S. MBA Programs in Europe: Meeting a Need, but How Well?

By Nina Martin  
International Herald Tribune

PARIS — As campuses go, the Hartford Business School's here is rather compressed: some classrooms, a couple of offices, a magazine reading room and a bank of computers that glow greenly morning and night.

Even so, it is a risky, expensive investment for the University of Hartford, its parent institution. But it is an investment that officials believe could prove vital to the university's financial health.

"You have got to be aggressive," explained James B. Kurish, executive director of the Paris MBA program, using language that resembled a marketing lecture he might deliver to his students.

"The days of the '60s when schools could just take it easy over for the schools that are not the schools," he said. "What you have to do is create market niche, and what the University of Hartford is going after is international programs."

Their mission, by implication, is also democratic: to serve students who cannot afford or cannot get into the top European programs. And the programs have an important side effect for U.S.-based students: to internationalize a management approach that is often stiflingly "American."

But to many business educators in Europe, who are used to state-supported schooling and graduate education for a tiny elite, the U.S. programs seem crassly commercial and mediocre. These critics point out that none of the American entrants is nationally accredited by the body

that sets curriculum standards for MBA programs in the United States.

"It is not a question of their bringing over top-level American management methods to Europe, but of taking advantage of a demand that exists," said Sybren Timmerman, director-general of the European

Foundation for Management Development in Brussels.

"They seem to be going after the lower portion of students, rather than aiming at the top," he said.

Even Mr. Kurish, referring to Harvard, Stanford and other top U.S. programs, conceded, "If they did come to Europe and they did it right, they could blow us out of the water. No doubt about it."

MBA have never had the allure in Europe that they have had in the United States, where more than 60,000 of the degrees were awarded in 1985 compared with barely 2,000 across Britain and the Continent. Undergraduate programs are reasonably plentiful in Europe, while the apprenticeship tradition still dominates much of its management thinking.

Demand is swelling, however, in many countries, where the trend is toward "privatization of education" and where students, facing higher unemployment rates and lower starting salaries than their American counterparts, see investing in the MBA "as one of the ways to get a well-paying job," Mr. Timmerman said.

The 280-student Institut Européen d'Administration des Affaires, or Insead, in Fontainebleau, France, turns away five

or six applicants for every student it accepts, as do the International Management Institute in Geneva and the International Management Development Institute in Lausanne, Milan's Bocconi University gets nearly 1,000 applications a year for 120 spots.

These are Europe's elite schools, with rigid entrance requirements and tuitions that top the equivalent of \$15,000 a year. For less privileged or talented students, the possibilities have been limited and the pressure for alternatives is growing.

"The more traditional programs have not changed to meet the needs," said Henry Hays, a dean at the college of business at North Texas State University in Denton.

The problems that have sent American business schools to Europe reflect larger trends plaguing the U.S. higher education system. Enrollments among traditional college-age people have been declining, studies show, while students have become more practical-minded about preparing for careers.

# In Economic Plan, Gorbachev Seeks to Ease Rigid Price System

By Felicity Barringer

*New York Times Service*

MOSCOW — At the Central Market, a vendor sat behind an assortment of choice strawberries, telling the few inquiring shoppers that the berries cost the equivalent of \$5.50 a pound. There were few buyers, and no line.

At the same time on a street nearby, a government truck delivered 30 small crates of strawberries — some ripe, some overripe, some moldy — selling at \$2.40 a pound (about 450 grams). A scolding saleswoman shoved them into the bags of customers who had waited 15 minutes in line.

The strawberry scene spoke eloquently of the bizarre anomalies of the Soviet pricing system and its byproducts: unreasonably high or low prices and long lines for products whose quality is uneven at best.

The rigid pricing system is a complex fabric of government controls and subsidies with isolated patches of quasi-free market economies, including farm markets that sell produce from private plots.

It is this system that Mikhail S. Gorbachev is proposing to alter with his program, for which guidelines were approved Friday by the Communist Party's Central Committee, to gradually introduce price flexibility in the Soviet economy.

Inherent in the issue of prices, according to Western and Soviet

analysts, are the main difficulties that face most of the Soviet leader's initiatives in his broad drive to remake Soviet society:

- Reining in a powerful bureaucracy, in this case the State Committee for Prices, known by the acronym Goskomtsepn. It sets more than 200,000 wholesale and retail prices annually, on everything from raw materials like ore and grain to bread, shoes, chinaware and cars.

- Potentially tampering with a basic tenet of Communist ideology and the Soviet social contract, in this case overall price stability and dramatically low prices on basic foods, housing, education and mass transit.

- Taking a cumbersome, inefficient but predictable system and introducing an element of the unknown, in this case a limited role for competitive forces and the possibility of politically explosive inflation. Food price increases in Eastern Europe sometimes have caused protest and political instability.

A Western diplomat predicted last week that conservatives would call the pricing innovation a threat to the basic order of Communism. The present system, he said, is a known quantity, but Mr. Gorbachev's proposals are "jumping out into the unknown."

How fast and how far Mr. Gorbachev's economic changes said prices should be made "an effective instrument for raising the efficiency of social production, for developing economic management methods and for deepening cost-accounting and self-financing."

The role of the price-fixing committee would be reduced in part by increased freedom of factories and large enterprises to contract directly with each other for industrial goods.

The Central Committee program said that wholesale prices should be amended to reflect production costs more accurately and that raw materials and fuel, such as heating oil, should be priced to reflect pro-

## Dissidents Want Approval for Journal

*New York Times Service*

MOSCOW — A group of dissidents and freed political prisoners has written the first issue of an unofficial journal of news and opinion and has asked the Soviet government for permission to publish it in the Soviet Union and abroad.

The magazine, called Glasnost, after the policy of freer expression proclaimed by the Soviet leader, Mikhail S. Gorbachev, would apparently be the first privately controlled periodical to be published openly in the Soviet Union. Unlike *samizdat* or self-published newsletters, which have long been part of the dissident underground, the new journal sets out to do everything in the open.

The 56-page inaugural issue is being withheld from distribution until early July to give Soviet officials a chance to react; they were given copies on June 19. The editor, Sergei Grigoryants, a literary critic released from prison in February after serving four years for his work on a clandestine human-rights journal, said that 50 to 100 copies of the first issue would be distributed next month, whether or not permission is given.

to Abel G. Aganbegyan, the economist who explained the economic proposals at a news conference.

Mr. Aganbegyan explained that the alternatives under discussion were either a stage-by-stage shift in the present pricing mechanisms, with the first stage affecting only wholesale prices, or an overall re-examination of wholesale, retail and agricultural prices with no changes before 1990.

The guidelines for Mr. Gorbachev's economic changes said prices should be made "an effective instrument for raising the efficiency of social production, for developing economic management methods and for deepening cost-accounting and self-financing."

The role of the price-fixing committee would be reduced in part by increased freedom of factories and large enterprises to contract directly with each other for industrial goods.

The Central Committee program said that wholesale prices should be amended to reflect production costs more accurately and that raw materials and fuel, such as heating oil, should be priced to reflect pro-

duction cost and to discourage waste.

Until now, U.S. specialists say, wholesale prices were supposed to be roughly equivalent to production cost. But there was little incentive to keep costs down because of widely available subsidies.

In contrast, retail prices were supposed to be set at a level that would guarantee a balance between supply and demand. Thus a goal that largely was not met, judging by the periodic shortages of everything from fruit to furniture.

Prices also were used to insure that some products were accessible to low-paid workers. Meat in state stores in Moscow and other cities sells at less than half the cost of production. Like other foods, particularly bread, it is heavily subsidized.

According to Mr. Gorbachev's speech to the Central Committee on Thursday, the Soviet economy spends 72 billion rubles a year (about \$120 billion) in subsidies. More than 50 billion rubles of this goes to agriculture.

The farm subsidy has increased 150 percent in the last 10 years, and is now more than 12 times the 1966 level of four billion rubles, according to articles in the Soviet press.

"What is happening?" asked a professor of economics, R. Khasabulatov, writing in *Komsomolskaya Pravda*. "Agricultural productivity is virtually at a standstill."

This was a prescription for letting competition achieve the desired price-cutting effect.

**Socialist Unit Asks Waldheim to Quit**

**VIEENNA (Reuters)** — The Vienna section of Austria's Socialist Party, a partner in the governing coalition, has called on President Kurt Waldheim to resign. Mr. Waldheim is backed by the other coalition partner, the Austrian People's Party.

The call for him to step down was approved Saturday, 268 to 217, at a regional party congress against the wishes of some party leaders, including Chancellor Franz Vranitzky and the national party chairman, Fred Sinowitz. Mr. Waldheim has been accused of covering up his role with the German Army in World War II.

Josef Hindels, president of the Federation of Socialist Freedom Fighters, which sponsored the resolution, said there was no evidence that Mr. Waldheim had been involved in war crimes, as some Jewish groups have alleged. But he accused Mr. Waldheim, a former UN secretary-general, of concealing his war record.

## Sri Lanka Says Rebel Base Captured

**COLONBO, Sri Lanka (Combined Dispatches)** — Government troops overran the main base of the leading Tamil guerrilla force Sunday, killing seven rebels, including the base commander, and capturing a large amount of arms, the government said.

The base at Mutur in eastern Sri Lanka belonged to the Liberation Tigers of Tamil Eelam, the biggest rebel group fighting for a separate Tamil state. The slain base commander was identified as Gajendran. There was no independent confirmation of the raid. (Reuters, AP)

## Aquino Retires Long-Serving Generals

**MANILA (Reuters)** — In a move to bolster army morale, President Corazon C. Aquino has retired two senior generals, both of whom were in line to succeed her chief of staff, General Fidel V. Ramos.

In keeping with a promise not to extend the services of aged generals, Mrs. Aquino on Saturday announced the retirement of Lieutenant General Salvador Mison, the deputy armed forces commander, and Major General Rodolfo Camiso, the army chief. Both had reached the limit of 30 years service.

Mrs. Aquino appointed Major General Renato de Villa, commander of the paramilitary constabulary, as General Ramos' deputy, and Brigadier General Restituto Padilla as army chief.

## UN Groups Find World Hunger Rising

**PARIS (NYT)** — Despite repeated international pledges to eliminate hunger in the world, the number of hungry, undernourished people now appears to be increasing at a quickening pace, according to new findings by a United Nations agency, even at a time when the world is awash with cheap, surplus food.

According to calculations made by the United Nations World Food Council and its parent body, the United Nations Food and Agriculture Organization, based in Rome, the number of hungry people in the world grew by 15 million from 1970 to 1980, to 475 million, a rate of increase of about 1.5 million a year. The world's population is about five billion.

In the early 1980s, however, as economic growth slowed in the industrial nations, increasing the poverty of the developing nations, the number of hungry people grew at a rate of nearly 8 million a year, reaching 512 million in 1985, according to the World Food Council. It estimates that 40,000 children die of hunger-related causes every day.

## Deng Blames Japan for Chill in Ties

**BEIJING (UPI)** — China's leader, Deng Xiaoping, told visiting Japanese officials Sunday that Japan was to blame for the chill in Chinese-Japanese relations and that Tokyo must solve the dispute "without delay."

Mr. Deng addressed his remarks to the visiting foreign minister, Tadashi Kusunari, as they met in the Great Hall of the People for talks that were to focus on increased tensions.

Mr. Deng said the biggest problem was a decision by a Japanese court in February that favored Taiwan in a dispute between Beijing and Taipei over the ownership of a student dormitory in Kyoto. Japan has said it is powerless to intervene because the case is being handled by the judiciary.

## Israel Sets Standard Tuition Fees

**JERUSALEM (Reuters)** — The Israeli cabinet on Sunday set a standard tuition fee for university students, reversing an earlier decision that had been denounced as discriminatory against Israeli Arabs.

Atticution Ministry officials said the fee would be set at the equivalent of \$1,350, under the proposal accepted last month, former members of the army who have paid the equivalent of \$1,000 and other students \$1,550.

Before going to university, most male Jews begin three years of army service at the age of 18. Girls serve two years, while Arabs, except for the Druze and Bedouin minorities, do not serve.

## For the Record

About 5,000 Israeli aircraft workers demonstrated Sunday at the office of Prime Minister Yitzhak Shamir in Jerusalem, calling for the cabinet to vote to continue a project to build an Israeli jet fighter, the Lavi. (AP)

A woman was badly injured when a bomb planted in the sand at a crowded public beach in Haifa, Israel, exploded Saturday, police and hospital spokesmen said.

## TRAVEL UPDATE

### Strikes to Disrupt French Air Travel

**PARIS (AFP)** — Air travel was expected to be seriously disrupted Monday and Tuesday by the French air traffic controllers strike and similar action by staff of France's domestic national carrier, Air Inter.

Air Inter pilots and flight engineers have called a strike for Monday and Tuesday in support of demands for three, rather than two, crew members in the new Airbus A-320 airliners. Air traffic controllers said they would stage one-hour morning work stoppages Monday to Friday, in a continuing action in their dispute over pensions.

Vehicle tourism officials have raised the fine for camping out in the train station or streets to 50,000 lire (\$37) from 20,000 lire and imposed fines of 20,000 lire for picnicking in St. Mark's Square, wearing shorts or going shirtless in museums and other tourist sites, bathing in canals and playing radios too loudly.

The rates of Pompeii, closed last week to visitors, are to be open afternoons only during a labor dispute involving custodians. The ancient town is usually open 9 A.M. to sunset.

The civilian air service in the Falkland Islands has been suspended for three weeks, effectively cutting off air transport to the East Island and the colony's capital, Stanley, from the West Island and the smaller islands of the South Atlantic archipelago. Service is suspended during an investigation of the crash on Wednesday of a twin-engine plane carrying six persons, in which no injuries were reported.

Both flight recorders on a Philippines Airlines plane that crashed Saturday, killing all 50 persons on board, are damaged beyond use, investigators said Sunday in Manila.

### This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries this week because of national and religious holidays:

**MONDAY:** Chile, Colombia, Costa Rica, El Salvador, Peru, San Marino, Malta, Vatican City, Venezuela.

**TUESDAY:** Ecuador, El Salvador, Guatemala, India, Peru, Sri Lanka, Zaire.

**WEDNESDAY:** Bangladesh, British Virgin Islands, Canada, Egypt, Ghana, Guatemala, Pakistan, Rwanda, Somalia, Suriname, Taiwan, Thailand.

**FRIDAY:** Guam, United States, U.S. Virgin Islands.

**SATURDAY:** Guam, Philippines, Puerto Rico, Tonga, United States, U.S. Virgin Islands, Yugoslavia.

**SUNDAY:** Algeria.

Source: Morgan Guaranty Trust Co., Reuters.

## India Hopes Festival Will Dazzle Soviet

*New York Times Service*

**NEW DELHI** — With Mikhail S. Gorbachev and Prime Minister Rajiv Gandhi in attendance, a guru Hindu invocation by an Indian singer at Cathedral Square at the Kremlin on Friday will start a huge celebration in the Soviet Union of India's art, culture, history and economic and scientific progress.

Officials say the yearlong Festival of India will strengthen the friendship between the two countries and cement their already strong political and economic ties.

The Soviet Union is a major trading partner of India and has given extensive help to its industrialization program. It is also a major weapons supplier to New Delhi and has consistently supported its domestic and foreign policies.

"Our message to the Russians is very simple," said Daljit Aurora, the chief organizer of the festival. "We are saying: 'You have known us politically. Now know us as we are.'"

Thus mutton kebabs, chicken curry and Indian dances will be on the menu for Muscovites and residents of 44 other Soviet cities through next summer.

So will fashion shows, and exhibits of textiles, classical Indian jewelry, paintings and sculptures, including a bronze statue dating to 2,500 B.C. There will also be six Indian film festivals and an exhibition on the status of women.

The Indian festival will go beyond the scope of such cultural events that have been held in the United States, Britain and France.

It not only will be bigger than the other festivals but also will emphasize India's growing industrial and economic power, and its progress.

"In America, the biggest splash was created by the exotic of India — exhibitions of village India and royal costumes," Mr. Aurora said. He was referring to the Festival of India held in 1985 and 1986 in the United States.

But that is exotic and a bygone era, not modern India," he said. "We want to show contemporary India to the Russians."

The Gandhi government is organizing India's largest cultural extravaganza overseas, involving an investment of about \$14 million — nearly three times the amount spent on the Festival of India in the United States.

There will be 1,800 performing artists, 720 sports and student delegations, 20 exhibitions and 15 seminars.

Work on the project began two years ago, when Mr. Gandhi visited the Soviet Union and agreed with Mr. Gorbachev to organize the Indian festival and a reciprocal Soviet festival in this country.

The Soviet festival is to begin November.

Both President Pieter W. Botha,



Trevor Somers/Agence France-Presse

Willem Lubbe and his dissident followers have broken from South Africa's Dutch Reformed Church. His group has voted to form an all-white Afrikaner Reformed Church.

## Renegade Afrikaners Vote to Form Church

*New York Times Service*

JOHANNESBURG — About 2,500 rightist dissidents walked out of a discussion on the liberalization of the Dutch Reformed Church, the main Afrikaner church whose teachings include a justification of apartheid.

At the meeting Saturday in Pretoria, which was attended by more than 3,000 from the right wing of the church, the dissidents voted by a margin of 4 to 1 to form a new all-white church.

They accused the Dutch Reformed leadership of embarking on a "new course of liberalism" in criticizing apartheid policies and seeking to open the church to all races.

But 500 to 800 of the dissidents voted not to quit the church, choosing to work from within to oppose the "liberal moves."

John Heyns, head of the Dutch Reformed Church, said the effect of the walkout would be determined by the number of people who followed the dissidents out of the church.

"It is a sad event and both an act of disunity regarding the church and an act of disobedience regarding Scripture," said Mr. Heyns, who has led efforts to desegregate the church.

Emphasizing that he regarded the action as a walkout, Mr. Heyns said the move illustrated the close link between religion and Afrikaner nationalism. "But this is not a basis for a church," he said.

Both President Pieter W. Botha,

who is an active member of the church, and Dr. Andries P. Treurnicht, the leader of the Conservative Party and a former Dutch Reformed minister, were reportedly deeply concerned about the break.

In a statement issued last week, Mr. Treurnicht had indicated sympathy with the dissidents but appealed to them not to break with the church before exhausting other options.

The dissidents, organized as the Continuation Committee of Dismissed Members and led by Willem Lubbe, a professor, have rejected recent moves by the Dutch Reformed Church to unite with its black, Indian and mixed-race "daughter churches" and to distance itself from apartheid.

# Joy, crisis

## Friend and Foe Say Reagan Is Now at His Weakest, Hobbled by Scandal and Inertia

By Bernard Weinraub  
and Gerald M. Boyd,  
*New York Times Service*

**WASHINGTON** — As Ronald Reagan nears his final year in office, his ability to lead the nation has declined to the lowest point of his presidency, according to Republican and Democratic legislators, administration aides and friends of the president.

The growing consensus from a wide cross section of officials is that the prospects are dim for a resurgence of his presidency without an arms control agreement with the Soviet Union or some other major achievement.

Their assessment is that Mr. Reagan is unable to cope, both personally and politically, with a Congress controlled by Democrats and with the impact of the Iran-contra affair.

"Something's gone wrong in the last six months or so," said a recent visitor to the Oval Office, who sees Mr. Reagan frequently. The comment reflected what some others, from legislators to confidants of Mr. Reagan, are thinking.

Papandreou Threatens U.S. on Bases

*The Associated Press*

**ATHENS** — Prime Minister Andreas Papandreou threatened Sunday to cancel upcoming talks about a new agreement on U.S. military bases if the United States does not withdraw a reported charge that his government negotiated with terrorist organizations.

Mr. Papandreou said during a flight to Brussels that he would shut the four U.S. bases in Greece next year if no retraction was made.

"There will be no bases talks and the bases will close in 1988 if the United States doesn't withdraw fully, officially and publicly these false and groundless accusations against our country," he said.

Mr. Papandreou was flying to Brussels for a European Community summit meeting starting Monday.

The reported U.S. allegation that Greece held talks with terrorist organizations with a view to averting possible terrorist attacks here was disclosed Saturday by Greek officials.

A government spokesman said the U.S. allegation, made in a meeting here Thursday between the U.S. ambassador, Robert V. Keeley, and Foreign Minister Karolos Papoulias, was "ridiculous and unfounded."

U.S. Embassy officials were not available to comment.

The negotiations were reported to have been held with Abu Nidal, who heads a Palestinian group that has claimed to have carried out more than 100 terrorist attacks, including those on airports in Rome and Vienna in December 1985 in which 19 persons died.

Mr. Papandreou described the reported charge as "a hostile act against Greece" and accused the United States of trying to blackmail Greece into signing a new accord on bases.

"If they think that such pressures will lead to the signature of a bases agreement, they're kidding themselves," he said. "If this is the action of friends, then who needs enemies?"

Greece and the United States had agreed to start procedural talks this summer for an agreement on bases, with substantive negotiations set for the fall. The current five-year Greek-U.S. accord expires in December 1988.

For military planning purposes the United States wants to settle the future of the bases before the current agreement runs out.

Greece receives around \$500 million a year as a form of rent for the facilities.

Mr. Papandreou came to power in 1981 pledging to shut the bases and pull Greece out of NATO. He now says he is willing to negotiate a new agreement and submit it to a referendum for approval.

Greece has been accused in the past of laxity in combating terrorism. In 1985, the U.S. State Department issued a travel advisory warning tourists to avoid Athens International Airport after a TWA jetliner was hijacked by terrorists who boarded there.

The advisory was withdrawn six weeks later, but the Greek tourist industry, a major foreign-exchange earner, is still lagging behind 1984 levels.

Only 250,000 Americans visited Greece in 1986, a 60 percent drop from the previous year. Tourist revenues dropped by an estimated \$300 million as a result.

White House officials to foreign diplomats, are also saying about him.

Although White House spokesmen and some Republican congressional leaders sharply disagree, the mood of pessimism, most evident in recent months, goes beyond that which has traditionally encumbered a president nearing the end of his final term.

It is a combination of changes, both in the man himself and in the way he is being perceived, and it is attributed to several factors.

The Iran-contra affair, looming largest among these, is said to have seriously depressed Mr. Reagan in a deeply personal sense. The president's slip in popularity, as reflected in public opinion polls, since the sale of arms to Iran and the diversion of profits to the Nicaraguan rebels were disclosed in November has been troubling to Mr. Reagan. His favorable image among the American public had been something that energized him throughout his political life and provided a source of inner strength. Particularly troublesome is that polls show that more than half the public believes he is lying, aides said.

Another factor in the bleak prospects seen for the Reagan presidency is the changing nature of his relationship with aides. For one thing, some associates say that the president, having been surprised by the actions of some

adviser, has been unable to operate effectively in Congress despite its solid legislative background. Aides, who acknowledge the failure, attribute it to the Democrats' control of both houses of Congress. But lawmakers cite other

no longer a source of friendly jokes but of concern, friends say.

The two small polyps found Friday in Mr. Reagan's colon were found to be noncancerous.

Asked about the growing negative consensus about the president, Marlin Fitzwater, the White House spokesman, said, "This sounds like political piling on."

"The president is vigorous, actively persuading our budget review measures domestically, historic trade legislation, and the first real nuclear arms reduction opportunity ever," Mr. Fitzwater said. "This is an active president who has overcome some difficulties in recent months and who is determined to make the last 18 months productive and meaningful."

Senator Alan K. Simpson of Wyoming, the Republican whip in the Senate, said: "The only change I've noted is that his hair is actually getting grayer. Some people say, 'I wonder if he's losing it.' But that's not the case. He's better now than he's ever been."

But other legislators and some Reagan aides say it is clear that the president is functioning with far less leverage. Even so, instead of seeking

an accommodation with Congress, Mr. Reagan is using the same confrontational approach he has used in the past. That approach is angering Democrats and privately dismayed some Republicans.

"Instead of signaling to Congress that he's interested in working constructively to produce some real achievements in the last 18 months of his administration, the president sends a signal of confrontation and combat," said Representative Thomas S. Foley of Washington, the Democratic majority leader.

"There's an unfortunate signal here of a president who has accepted his own growing irrelevance and has abdicated the field of work with Congress," he said.

One ranking Western diplomat, who conferred with Mr. Reagan at the economic summit meeting in Venice earlier this month told colleagues that the president had seemed "distracted," as if he "had his mind on something else." He "couldn't" focus on the issues at hand," said the diplomat, who is a top official in a foreign government.

## 'Powell Court' Comes to End

### Departure of Pivotal Justice Opens Way for Rightist Shift

By Stuart Taylor Jr.  
*New York Times Service*

**WASHINGTON** — The first term of the Rehnquist court, which ended Friday, could more aptly be called the last term of the Powell court. While Chief Justice William H. Rehnquist presided, it was Justice Lewis F. Powell Jr., more than anyone else, who cast the decisive votes.

But with the unexpected retirement of Justice Powell, the Supreme Court in its next term may become the Reagan court.

President Ronald Reagan now has a chance not only to fill a third vacancy but also to put conservatives firmly in control with a chance to act on such issues as abortion, affirmative action and religion.

The decisions of the 1986-87 term showed little deviation from the court's direction in Warren E. Burger's 17 years as chief justice.

The rulings were moderate to liberal on social issues such as racial and sexual discrimination, abortion and church-state relations and more conservative on criminal

law and civil liberties. Overall, the court was moderate and pragmatic in its basic instincts.

Last year when Justice Rehnquist was picked to replace Chief Justice Burger and Antonin Scalia, another strong ideological conser-

#### NEWS ANALYSIS

ative, became Justice Rehnquist's replacement, many conservatives had hoped — and liberals had feared — that the court would move perceptibly to the right.

But it did not. And Chief Justice Rehnquist found himself in dissent as often as he did in the past; he was joined by the independent-minded Justice Scalia slightly less often than he had been by Chief Justice Burger.

Now, however, the court has reached the tipping point. The liberal victories in so many ideologically charged cases came in one vote margins, with Justice Powell in the majority.

As in the past, he was more often in the majority than any other member of the court, especially in the major cases and in the 5-4 decisions.

His vote in those cases determined whether the conservative chief justice or the liberal wing identified with Justice William J. Brennan Jr. would win.

Justice Powell's strategic place at the dead center of the court's sharp ideological divide, and his moderate, case-by-case approach to issues, made him the most appropriate symbol of the approach to the law taken by the Burger court.

Among the 5-4 decisions on which Powell had a decisive impact were:

- A decision upholding a federal district court's order requiring that Alabama temporarily use a strict racial quota — one black for one white — in promoting state troopers, to make up for severe past discrimination against blacks.

- A decision that a clerical employee in a county constable's office had a First Amendment right not to be dismissed for saying she hoped Mr. Reagan would be assassinated.

- A decision that emotionally charged evidence about the impact of a murder on a victim's family cannot be presented at a death sentencing hearing because it might "inflame" the jury.

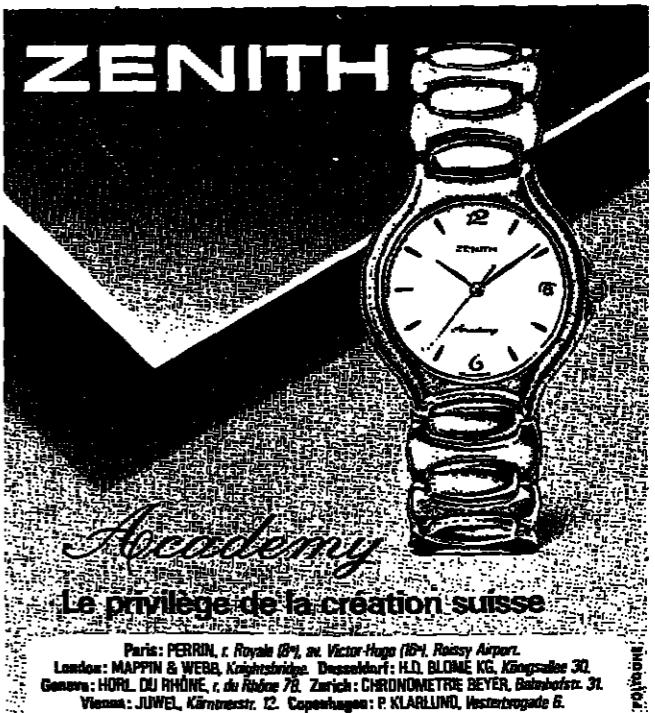
In other cases Justice Powell

one paradoxical effect of the elevation of Justice Rehnquist to chief justice was that in several cases the liberals probably won more sweeping victories than they would have under the less consistently conservative Chief Justice Burger.

This occurred because Chief Justice Burger was said to have voted sometimes with the majority in cases in which he really agreed with the dissenters, to preserve his power of assigning the majority opinion to himself or to someone else who would frame it narrowly. When the chief justice is in dissent, the senior member of the majority assigns the opinion.

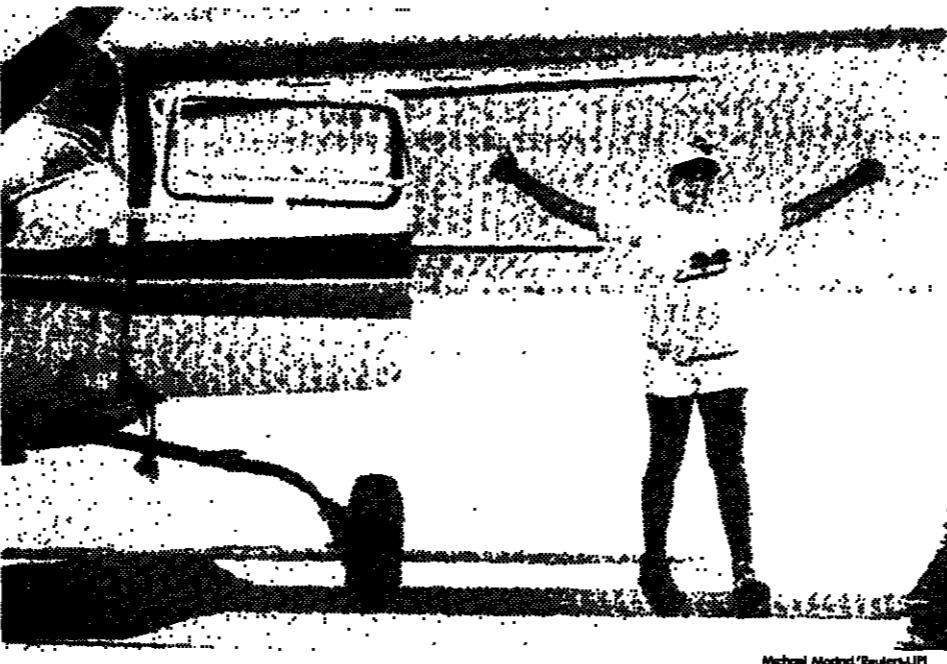
Chief Justice Rehnquist, on the other hand, has not veered from his conservative principles. As a result, Justice Brennan, the court's senior and most liberal member, has been able to assign more opinions.

He has used this to good advantage, assigning the two affirmative action cases and several other major rulings to himself and writing them in broad, liberal strokes.



## AMERICAN TOPICS

### Urban Growth Is Slowed in L.A.



**THUMBS UP LANDING** — John Kevin Hill, 11, gives the thumbs up sign after landing his single-engine Cessna 210 in Loveland, Colorado. The boy, who has logged 200 hours since he began flying two years ago, is attempting to become the youngest pilot to fly across the United States. The boy's flight instructor, Mike Fields, is with him on the voyage, which began in Los Angeles and is to end Wednesday in Washington.

ment, which lead to the boardroom rather than the wardroom.

The youth of America is shifting to the left, not politically but physiologically, according to a Washington Post-ABC News poll. It showed that the proportion of left-handers among young people is virtually double that of older people. Among those 61 or older, 38 percent said they were right-handed, 6 percent left-handed and 6 percent ambidextrous.

With the U.S. merchant fleet having shrunk to about 450 privately owned ships, compared to nearly 600 five years ago, fewer graduates of the U.S. Merchant Marine Academy at Kings Point, Long Island, are landing ocean-going jobs. After a four-year education, graduates must work in the maritime industry for at least five years. In 1979, 92 percent got jobs at sea, compared to 22 percent last year. The rest landed jobs in naval architecture, admiralty law, chartering and steamship company management,

raising gala at Ford's Theater in Washington when she looked up from the stage to the box where Abraham Lincoln was assassinated, as Ronald Reagan nearly was six years ago. "When you look up there at that box, you have to feel a certain tummy-freeze," she said. "I know I feel it, and I'm sure that every actor who's on the stage feels it, and every member of the audience feels it."

When Gary Hart dropped out of the Democratic race last month, his 1984 campaign still owed the National Bank of Washington \$356,824. So the bank is to sell 92 lithographs placed in one of its vaults as collateral.

The lithographs were donated by the American artist Robert Rauschenberg. Now, the bank says response to its plan has been so great that it expects to schedule a public auction in the next few weeks. Said Kathleen Collins, general counsel for the bank: "We've got to capitalize before people start asking Gary what?"

— ARTHUR HIGBEE

### Notes About People

Seasoned trouper though she is, Nancy Reagan says she still gets the shivers at the annual fund-

## Romania Assails Trade Vote in U.S. Senate

*New York Times reported from Washington:*

The movement in Congress to deprive Romania of most-favored-nation status, describing it as interference in Romania's internal affairs.

A statement through the official press agency Agerpres said the Romanian public was "surprised and indignant" to learn of Friday's vote to suspend for six months Romania's trading status as a most-favored nation. It described the vote as a "hostile act."

The Senate, debating a pending trade bill, voted by 57 to 36 for a proposal to suspend trade benefits while the administration reviewed allegations of human rights violations.

Most-favored-nation status allows foreign countries lowered tariffs on their imports to the United States. It is extended to four Communist nations other than Romania — Hungary, China, Yugoslavia and Poland.

■ Church Repression Cited Earlier, Susan F. Rasky of The

against South Korea, which is expected from Senator Edward M. Kennedy, Democrat of Massachusetts.

Mr. Kennedy has said he intends to propose sanctions against South Korea in an effort to force the Seoul government to improve human and political rights. Mr. Kennedy's amendment is expected to call for removal of preferential trade treatment for certain Korean imports to the United States.

The House trade bill, approved April 30, contains a parallel provision, which means that any trade legislation sent to President Ronald Reagan is likely to contain the suspension.

Mr. Reagan renewed Romania's most-favored-nation status this month. But in making the annual determination, which is required by the Congress, he acknowledged concern about rights violations.

In a letter notifying Congress of his decision, he said that it was the trade relationship with Romania "that enables us to engage the Romanians in a frank dialogue on

these issues and to work to improve conditions there."

Jewish organizations concerned about Romania's willingness to permit continuing emigration of Jews had argued strongly against taking any action on the trade status.

"The Senate action is a mistake," said Seymour D. Reich, international president of B'nai B'rith, who arrived in Bucharest on Friday for talks with Romanian officials.

"It eliminates an incentive for Romania to improve human rights and may jeopardize the flow of immigrants to the United States, Germany and Israel."

The United States ran a \$588 million trade deficit with Romania in 1986, with U.S. imports from Romania amounting to \$838.8 million and U.S. exports to Romania amounting to \$250.9 million. The Commerce Department has estimated that loss of most-favored-nation status could cost Romania about \$300 million a year.

The government might still be able to extradite Colombian nationals under a 1888 bilateral treaty, to which a drug-related amendment was added in 1940, or under a 1961 United Nations convention. But these approaches would likely present legal challenges for the government and expose it to political attack.

The court's ruling has put Colombia at legal odds with the United States, which still considers the extradition treaty in force.

■ "No matter what, international treaties stand above internal decisions and as such they are law and must be obeyed," the U.S. Embassy said in a statement on the court ruling, United Press International reported.]

LONDON: Monday, Tuesday, Wednesday, Thursday, Saturday, Sunday (2)

FRANKFURT: Tuesday, Wednesday, Thursday, Sunday

PARIS: Tuesday, Wednesday, Friday, Saturday

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ROMA: Monday, Tuesday, Thursday, Saturday

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# INTERNATIONAL HERALD TRIBUNE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Pretty Dull Stuff, That

President Reagan says he is bored by the Iran-contra investigations. "When you get a mile and a half away from the Potomac River, there are an awful lot of people that have gone back to their favorite television shows and I don't blame them," Mr. Reagan said recently. Boring indeed, the last few days of the hearings.

How dull to discover from committee counsel, reading dry words into the hearing record, that William Casey's CIA was deeply involved in the arms-for-hostages deal long before the agency even sought the necessary legal authority from the president. How dull also to learn that two agency cables proving that involvement are missing from the files.

It was tedious of Charles Cooper, an assistant attorney general, to testify that according to Attorney General Edwin Meese the president expressed surprise when told that Iran arms sale proceeds had been diverted to Nicaragua. But there was not a word to suggest that Mr. Reagan was angry.

How soporific it was to learn that Mr. Casey lied to the House Intelligence Committee when he said that the secret November 1985 shipment to Iran contained "oil-drilling equipment," not missiles.

Representative Bill McCollum was indignant, not bored, to learn that Mr. Casey and two former national security advisers, John Poindexter and Robert McFarlane, had misled Mr. Meese on this point.

Was it merely ho-hum that Mr. Meese gave a day's notice to Admiral Poindexter, then the national security adviser, that he is this present yawning?

—THE NEW YORK TIMES.

## Panama: Time for Change

In Panama, a thuggish military regime has dropped the facade of constitutional rule and governs by emergency decree. In Washington, a flawed policy of endorsing sham democracy for the sake of stability has come unraveled. Recognizing that the Reagan administration now distances itself from General Manuel Antonio Noriega, the Panamanian strongman, it is time to go further by pressing him to step aside and give real democracy a chance.

That moment has come for Panama just as it did in the Philippines and just as it is coming for Chile. The drive for democratic change derives not from Moscow or Havana — or Managua, which has embarrassed American defenders by declaring its solidarity with the Noriega regime — but from middle-class Panamanians. As in South Korea, it is they who now fill the streets with protest.

The Panama crisis erupted when Colonel Roberto Diaz Herrera, previously second in command of the ruling Panama Defense Force, accused General Noriega of direct complicity in political murders and frauds. Similar charges had been heard before, but Colonel Diaz's admission of personal complicity added greatly to their force. Following street protests, the Noriega regime

struck hard against free expression in a desperate effort to maintain control. The independent press was censored, foreign journals restricted and protesters threatened with harsh punishment. These emergency regulations were extended last week.

As a candidate, Ronald Reagan opposed the Panama Canal treaties and the military regime with which they were signed. But in office, his administration realistically saw the treaties as accomplished fact and sought to protect U.S. interests by cooperating with the regime. Fair enough.

But the Panamanian government has grown ever more unsavory, particularly since General Noriega took power. Apart from its contempt for democratic norms, the regime has long been suspected of involvement in drug trafficking, espionage, and curious dealings with Libya.

Yet incredibly, Washington hailed the election of a puppet president in a 1984 vote so tainted as to be laughable. Secretary of State George Shultz, ignoring intelligence reports, attended the inauguration.

To call for an end to General Noriega's dictatorial regime, now, would serve U.S. interests and values. Further, it would restore faith with the Panamanian people.

—THE NEW YORK TIMES.

## A One-Man Institution

Arthur Burns was a one-man economic institution. Throughout his life he earned the manner of the professor that he had once been, but his shrewd political judgment and an abiding devotion to public service, led him through a career of three decades at the highest levels of government. The students to whom he lectured included three presidents. He had a starchy academic air, but in Washington infighting he was, in the words of another master, Henry Kissinger, "as cagey as a tree full of owls."

He performed one early service, and an important one, in persuading President Eisenhower to retain the recently established Council of Economic Advisors, and as chairman of it for three years, he redefined the job as not a public advocate but the president's private adviser — and sometime tutor. His purpose was to put the results of research and scholarship to work in the political enterprise of steering the economy, and he stayed at that work into the turbulent years of oil shortages and inflation in the 1970s.

As chairman of the Federal Reserve Board from 1970 to 1978, he struggled with the long and painful inflation generated by the Vietnam War. He was accused of having deliberately let the money supply soar and aggravated inflation to help Mr. Nixon's reelection campaign in 1972. The emerging

—THE WASHINGTON POST.

## Other Comment

### New Depths of EC Pettiness

These with a proper concern for the role and dignity of statesmanship ought to be deeply worried about the fact that 12 heads of government are preparing to engage in a fierce debate over whether to put a tax on edible oils and fats. Voters in the European Community countries are entitled to ask whether they are well served when their chosen leaders spend precious time arguing about the price of liquefied rapeseed.

But on present evidence the EC summit is likely to plumb this new depth of pettiness because the agriculture ministers cannot find a cure for the terminally ill Common Agricultural Policy. Because of that and because the CAP swallows 70 percent of EC spending, their financial colleagues are incapable of balancing the budget of a technique

cally bankrupt community. The tax on oils and fats is a substitute for the deep cuts in price support payments to farmers which national governments piously recognize as essential for balancing the books but lack the will to implement.

If governments want to keep the farm lobby sweet regardless of the market for its produce, as they seem set on doing, let them underwrite farmers' incomes directly rather than imposing artificially high prices on consumers and distorting world trade by dumping surpluses abroad. This conversion from price support to income support involves the repartitioning of the CAP to the individual member states, but need not entail abandonment of a common market in food based on agreed prices. If an outdated mechanism is beyond repair it seems prudent to scrap it.

—The *Guardian* (London).

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MONDAY, JUNE 29, 1987

## OPINION

### Where Reagan's Thumbprint Will Endure

By James Reston

**W**ASHINGTON — If you are wondering about Ronald Reagan's legacy as president, look to the courts. His domestic policies have sunk in a sea of red ink. His foreign policy is ending in scandal, but his thumbprint will be on the judiciary into the 21st century.

With the retirement of Lewis Powell, Mr. Reagan will be able to appoint his third Supreme Court justice. He has already appointed a chief justice of the United States and 290 of the 741 lifetime judges in federal courts.

In short, he is running out of everything but luck. The chances are that more than half of all the federal district judges and appeals court judges in the country will be of his choosing before the end of his second term, or, more accurately, of Attorney General Edwin Meese's choosing — not a particularly comforting thought.

What about the retired CIA technician who installed a \$14,000 anti-terrorist system at the suburban residence of Lieutenant Colonel Oliver North, certified presidential hero, got paid by Richard Secord out of Iran arms proceeds, and covered up the gravity to the colonel? Even Senator Orrin Hatch and Representative Henry Hyde, two of the most easily bored White House defenders, were moved by this. Mr. Hatch said he had been "let down." Mr. Hyde called it "sleazy."

Perhaps the testimony next month of Colonel North himself and of Admiral Poindexter will win closer White House attention. After all, much of the bargaining with Mr. North over the last two weeks had to do with legislators' concern for the president. They reportedly feared that the witness might blurt out for the first time in public what Mr. Reagan knew and when.

When observers say this was often the decisive vote in 5-to-4 decisions, what they mean is that neither the conservatives nor the liberals knew how he would come out on President Reagan's social agenda and had to do their best to persuade him. Mr. Meese may be glad to see him go; not so the other members of the court.

It is true that in the Supreme Court's first full

term under Chief Justice William Rehnquist and with the addition of the conservative Justice Antonia Scalia, the liberals and moderates, usually with Justice Powell's vote, managed to prevail.

This coalition, led by Associate Justice William Brennan, rejected a challenge to the death penalty. It followed the liberal line on affirmative action cases, on the right of working women to pregnancy leave, on asylum for political refugees and on the teaching of creationism in the public schools.

With Justice Powell's retirement this coalition may not prevail, particularly on the issue of the right to abortion, which he supported.

Nothing is riskier in Washington, however, than predicting how the court will rule. All you can do is look at the record, and here the tendencies of this administration are fairly clear.

Mr. Meese gets these lifetime appointees when they are comparatively young. The average age of second-term Reagan appointees was 48, younger than the appointees of the previous four administrations. On average, they are richer than their predecessors; and in Mr. Reagan's second term, his appointees had less judicial experience than those of the previous four administrations.

Yet while the Reagan appointees voted more conservatively than their predecessors, and while Mr. Meese has presided over the most systematic

ideological screening system since Franklin Roosevelt's first term, Sheldon Goldman, in a careful analysis for the American Judicature Society, concludes that "there is no objective evidence that a 'litmus test' in terms of specific policy views has been employed to accept or reject candidates."

Justice Powell apparently considered that the age of 79 was an appropriate time to go home, and did not want to quit in a presidential election year when the question of his replacement would have become a partisan political issue.

So the president will now look around, and he is getting plenty of advice. President Nixon once asked Senator Howard Baker if he was interested but withdrew the suggestion after Mr. Baker said he was. Now, after a spell in the White House, Mr. Baker might think the court looks pretty good.

There are at least two conservative and distinguished Reagan appointees on the appeals court, Robert Bork and Richard Posner, and if the president is in a fighting mood, he could turn to his favorite Senate cheerleader, Orrin Hatch of Utah.

Mr. Hatch aside, any respectable conservative on Mr. Meese's short list will undoubtedly be confirmed, and the president can go home feeling that the courts, if nothing else, are in fairly sound conservative hands. Then if he can strike a deal with the "evil empire" on arms control he will leave something behind. As Casey Stengel said in retirement, "You can't lose 'em all."

The New York Times.

## How the West Can Safeguard Its Deterrent Strength

By Bernard W. Rogers

General Rogers retired last week as supreme allied commander in Europe

from 7,000, bilaterally, since 1979.

But someone should ask, "Once the 572 long-range INF warheads are eliminated, what is the composition of the remaining warheads?"

They consist of a few maritime depth charges (range 0), many artillery shells (9.5 miles or 15 kilometers), 95 Lance missiles (72 miles), 72 West German Pershing-1As (450 miles) and bombs for aircraft capable of carrying conventional nuclear bombs.

Given the need to set artillery and

missiles to zero, the INF agreement would deny NATO the most potent of its deterrents.

But the INF agreement would deny the INF warhead most feared by

the West European public.

Since the Russians are giving up

more warheads than NATO, this has to be a good deal for the West.

Yet the Russians would lose only a very small fraction of their capability to strike Western Europe, since every one of the thousands of Soviet warheads remaining, including intercontinental ballistic missiles and submarine-launched ballistic missiles, can still reach West European soil.

Finally, a zero-zero accord would require NATO to bolster the credibility of its deterrence.

The most critical step would be to improve conventional forces, by exploring Western technological superiority — for example, with the so-called follow-on forces attack program, known as FOFA.

Dual-capable aircraft must be protected from elimination no matter how enticing Mikhail Gorbachev's potential offer in this category may seem.

We can protect them by hardening shelters, improving the aircraft defenses and their ability to penetrate Warsaw Pact air defenses.

NATO must also modernize its nuclear capability. This means developing a new air-to-surface Standoff missile and a follow-on to the Lance missile, improved artillery-fired atomic projectiles and completion of the Trident submarine programs.

A strong NATO is the West's best guarantee of peace at the lowest possible level of risk. Arms control agreements that enhance security and maintain a credible deterrence can reduce risks. But accords made solely to boost the political objectives of NATO officials will reduce NATO's capability to deter the Russians. NATO must not sacrifice long-term deterrence for short-term political expediency.

The United States and its allies should evaluate very carefully, and honestly, the long-term consequences of arms proposals. No pact should be signed today that NATO countries will regret tomorrow — when current political leaders are no longer in power — leaving the people of the West, and especially of Western Europe, to live with the results.

The New York Times.

## Deterrence Cannot Rely on Nuclear Arms

By Morton H. Halperin

**W**ASHINGTON — General Bernard W. Rogers, the just-retired NATO military commander, says that without nuclear weapons the alliance could resist a Soviet attack only for "days, not weeks." The more relevant question is how long Western Europe could survive if NATO used nuclear weapons to resist a Soviet attack.

General Rogers makes an old mistake talking about nuclear arms as if they were traditional weapons that could be used to fight and win wars.

But nuclear weapons are simply not weapons, for the use of even a very small number of them would destroy the battlefield — that is, Western Europe and perhaps most of the world.

Current NATO plans call for firing one or a few weapons — the shot across the bow — in the hope that the Soviets will be sufficiently scared to sue for peace. However, many analysts believe that it is much more likely that the NATO populations will demand an end to a war on any terms if a nuclear device goes off.

Now the Soviets are proposing to eliminate medium-range and short-range missiles. The agreement in principle of NATO countries has General Rogers and others disturbed.

What NATO now relies on to deter a Soviet conventional invasion is a doomsday machine linked to a roulette wheel. The alliance says to the Soviets: There are so many nuclear weapons in Europe that if you start a few days it would have to initiate the use of nuclear weapons or be overrun.

So the pressure to appease the Soviets in order to avoid war could lead to the neutralization of Western Europe, that is, those who resist change most.

People like General Rogers, who understand how dangerous the present system is, become nervous about any change that would give the Soviets less reason to fear the doomsday machine. This unease is often expressed as a fear of "decoupling." General Rogers argues that unless the United States has one or another nuclear delivery system in place in Europe and maintains the right ratio of NATO to Soviet weapons, the Russians are likely to conclude that the American president would not use nuclear weapons to resist a Soviet conventional attack in Europe. But they do not make clear why a U.S. president is more likely to use medium-range missiles based in Europe than those based offshore or in America to attack Soviet forces.

In fact, Washington is likely to believe that any large-scale nuclear attack on Soviet forces would lead to deployment in a separate command so that devices are available to retaliate

for Soviet use or in the unlikely event that NATO seeks to initiate their use.

The regular military forces would be trained and equipped only for conventional war. This change would enhance NATO's conventional capability with no increase in spending. Deterrence would be more credible.

The West would also recognize that what deters the Kremlin is the credible threat that a war in Europe means a large war with America that will fight to win. As long as no events in Western Europe threaten Soviet interests, the Russians are unlikely to attack in this situation.

Having recognized that nuclear devices cannot replace adequate conventional capability, we can seriously debate whether NATO forces are sufficient to defend a Soviet attack. My sense is that with modest improvements they are. Those who think not should be arguing for the needed improvements and not leading us to think we can rely on nuclear weapons if only we reject the Soviet proposal.

It is time for realism. And that must begin by recognizing that nuclear devices are not weapons.

The writer, a deputy assistant secretary of defense in the Johnson administration, is author of the newly published "Nuclear Strategy." He contributed this comment to The Washington Post.

## Looking Past Chun's Own Failed Vision

By Jim Hoagland

**W**ASHINGTON — The odds have swung now to no better than even that President Chun Doo Hwan, South Korea's faltering strongman, will achieve his goal to his reign that he so badly wants. The massive public anger with Mr. Chun that has boiled over into violent demonstrations seriously imperils his plan to hand over power to a m

## Vatican Financial Crisis May Lead to Changes In Catholic Hierarchy

By Roberto Suro  
New York Times Service

ROME — Resolving the Vatican's deepening financial crisis may require basic changes in the institutional character of the Roman Catholic Church, according to Vatican officials.

New relationships are already developing in the Catholic hierarchy as local bishops play an increasing role in paying for a papacy that was once financially independent but now spends twice its income.

The Vatican faces a record deficit of \$62 million in 1987, and long-term decisions on how to fill the papal coffers might have to be made this year, Vatican officials say.

The United States, with the richest and most generous Catholics in the world, is exercising unusual influence over Vatican finances. Prominent American prelates have successfully lobbied for changes in the Vatican's management practices.

The Vatican's financial problems have been growing for a decade. But a reserve fund previously used to help cover deficits has been exhausted, according to a Vatican prelate involved in setting budget policy.

Drawing additional assistance has become more difficult because arrest warrants were issued in February for Archbishop Paul C. Marcinkus, president of the Vatican bank, who is an American, and two other top officials of the bank. They face charges in an Italian court of taking part in a fraud that led to the collapse of Banco Ambrosiano, based in Milan, in 1982.

The Vatican is looking in two directions for help. The first is Peter's Pence on Sunday, an annual collection on behalf of the pope. Last year the donations totaled \$32 million and covered more than half the 1986 deficit, estimated at \$56 million in Vatican documents.

For the extra cash needed to cover the rest of this year's deficit, Pope John Paul II is looking to his brother bishops.

In an unusual appeal, the Vatican has asked the world's bishops to help make up the shortfall. Cardinal Giuseppe Caprio, president of the Holy See's Prefecture for Economic Affairs, said a letter distributed this spring to more than 2,200 active bishops reminded them that they had a duty under church law to help finance the Vatican.

The letter, signed by a council of cardinals that oversees Vatican finances, paints a bleak picture. The Vatican's property and investments are valued at \$560 million, of which only \$270 million produces income, Cardinal Caprio said.

The letter does not establish a

formal mechanism for contributions by bishops, but some Vatican officials say they think such a mechanism will have to be created soon unless there is an extraordinary outpouring of funds this year.

"It is impossible to run any kind of institution on the basis of unpredictable donations," said a Vatican prelate who heads a policy-making committee.

Eventually we probably will have to institutionalize a process by which the bishops contribute directly and regularly to the support of the Holy See."

Professor Giuseppe Alberigo, a church historian at the Institute for Religious Sciences in Bologna, said this was the first time that " collegiality," the principle of joint authority and responsibility among all bishops, had been applied to finances. He said the appeal could have "profound and permanent consequences" if applied regularly.

In the immediate future, reliance on the bishops for money would mean that the few rich nations, especially the United States and Germany, would greatly increase their influence over the papacy," Mr. Alberigo said, "because people rarely give money without expecting something back."

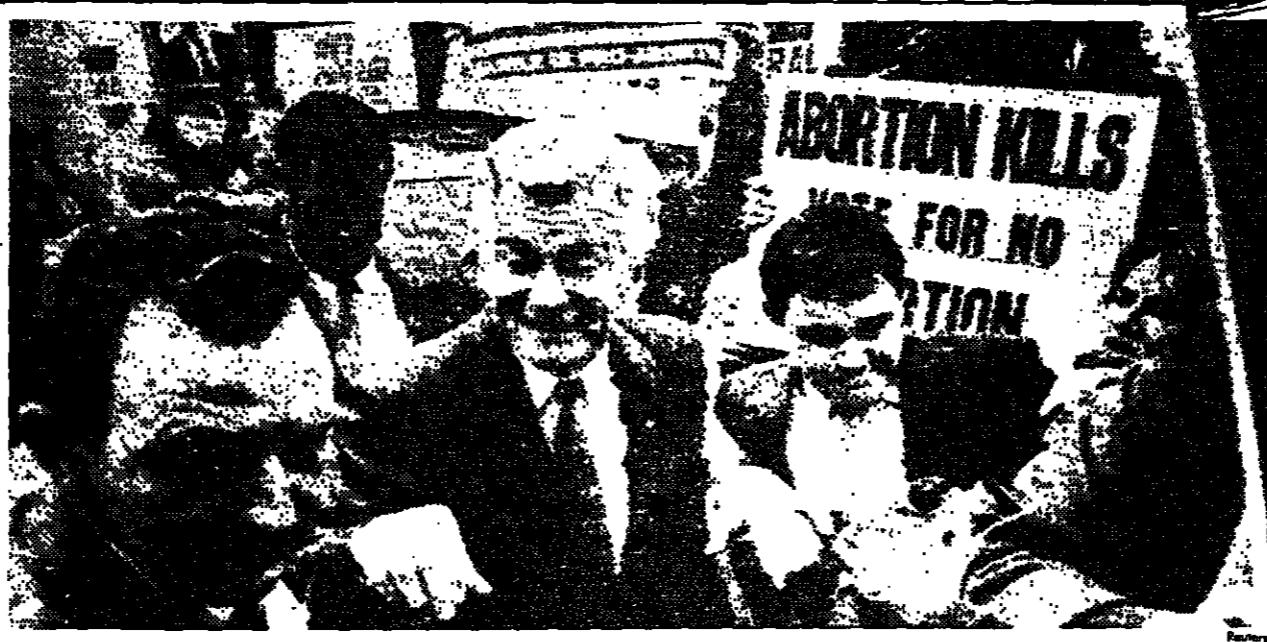
The appeal to the bishops has already prompted unusual action in the United States.

Cardinal John Krol of Philadelphia and Cardinal John J. O'Connor, the archbishop of New York, who serve on the council that supervises Vatican finances, have begun discussing the creation of an American endowment fund that could serve as a model for other countries, according to a senior American church official.

Unlike virtually all other donations to the Vatican, money contributed to the fund would probably stay in the United States, and only the endowment's income would be transferred to Rome, the official said.

Under pressure from American prelates, the Vatican distributed a budget statement for 1985 to the bishops along with the letter that asked for their contributions.

Cardinal Krol has been among the most forceful exponents of the view that the Vatican would not be able to collect more money unless it gave up its traditional secretiveness about finances.



PROTEST IN MELBOURNE — Prime Minister Bob Hawke of Australia, surrounded by bodyguards, struggling to get through a crowd of anti-abortion demonstra-

tors in Melbourne after he arrived Sunday to open a community health center. He is traveling the campaign trail for the national election scheduled for July 11.

## Iraq Is Said to Get More Chinese Arms

By Molly Moore  
Washington Post Service

WASHINGTON — A new shipment of Chinese-made arms, including Badger bombers and Silkworm missiles, has arrived in Iraq, according to Pentagon sources.

The supplies complete a large order of arms purchased from the Chinese at a time when the Iran-Iraq war is accelerating, sources said.

The shipment also raised new concerns for U.S. officials seeking a cease-fire and planning to begin escorting Kuwaiti ships under U.S. flags in the Gulf next month.

Intelligence reports show that the latest Chinese shipment to Iraq includes four Chinese-made Badger bombers and 30 cruise missiles believed to contain Silkworm missiles, sources said. The Silkworms, they added, are believed to be for launching from the bombers. That version has a range of 60 miles (100 kilometers), sources said.

They said the shipment "completes a big order" of Chinese-made arms that have been arriving in Iraq for several months.

The four new bombers would give the Iraqis significantly more muscle for their heavy bomber force of about 17 airplanes, accord-

ing to the "The Balance of Military Power," a defense almanac.

China has consistently denied that it sells arms to Iran. But Reagan administration officials recently accused it of selling Iran 30 ground-based Silkworm missiles capable of hitting ships in the Gulf.

A recent report compiled by the Arms Control and Disarmament Agency estimated that China sold Iraq \$1 billion and Iran \$75 million in arms from 1981 to 1985.

Meanwhile, the navy's investigative board has recommended that Captain Glenn R. Brindel, 43, skipper of the U.S. frigate Stark, and the officer in charge of its weapons should be court-martialed for failing to defend against the Iraqi warplane that fired two Exocet missiles into the ship the night of May 17, authoritative sources disclosed Friday. Thirty-seven sailors died in the attack.

The report cites several major failures, including failure to warn away the Iraqi pilot by radio before he was close enough to fire and neglecting to prepare a chaff dispenser designed to confuse radar-guided missiles, defense officials said.

Defense Secretary Caspar W. Weinberger will decide whether to accept the board's recommenda-

tions and go ahead with a court-martial, or halt the legal process.

There were these other developments relating to the Gulf:

- The Iranian news agency IRNA said that at least 10 persons died and 650 were wounded when Iraqi jets dropped mustard gas in two bombing raids over Sardasht in northwestern Iran on Sunday. Most of the victims were women and children in civilian areas. IRNA said.

Rockets hit the 1,224-ton Norwegian-owned Mia Margrethe shortly after midnight Friday and the 273.61-ton Swedish-operated Stena Concordia less than an hour later, the sources said. (AP)

• Iranian gunboats attacked two Scandinavian supertankers in the Gulf on Saturday, setting both on fire and critically injuring a Norwegian engineer, slipping sources reported. They said two other seamen were slightly injured.

Rockets hit the 1,224-ton Norwegian-owned Mia Margrethe shortly after midnight Friday and the 273.61-ton Swedish-operated Stena Concordia less than an hour later, the sources said. (AP)

## GULF: Mid-July Gulf Deadline

(Continued from Page 1)

Kuwaiti shipping to be protected in another fashion.

Mr. Shultz's statements indicated that the administration was determined to move ahead with its plans on its own schedule. He said U.S. naval forces were now being assembled in and near the Gulf and that protection for the reflagged ships was likely to begin in the first half of July.

There had been rumors and some published reports before Mr. Shultz's appearance that he had private misgivings about the reflagging of the Kuwaiti ships.

Mr. Shultz had been out of

Washington on trips abroad for nearly three weeks until last Thursday while the reflagging debate intensified. Sunday's interview was his first chance since returning to express his attitude publicly.

On a related front, Mr. Shultz said "a strong diplomatic effort" was under way to persuade the United Nations Security Council to impose sanctions against Iran or Iraq if either nation ignored a cease-fire demand that has recently won the support of the Security Council's five permanent members.

State Department sources said intensive consultations on the sanctions resolution began last week at the United Nations and that China, as previously reported, remained the most important roadblock to agreement.

The position of the Soviet Union was also not completely clear, the sources said.

The United States and other governments believe Iraq will accept the cease-fire request. Iranian officials have stated in recent days they will reject it.

Mr. Shultz, addressing a variety of questions in the television interview, also said that he found some of the recent revelations about the Iran-contra affair to be "sickening."

He said he was referring to testimony that "people who were representing themselves as in some way speaking for America" were indicating that the United States would intervene in the case of radical Shiite prisoners being held by Kuwait.

According to testimony before the joint Senate-House committee, Albert Hakim, an Iranian-born businessman, discussed possible freedom for the prisoners in Kuwait with an Iranian official last October in the context of an "arms for hostages" arrangement.

## KOREA: New Concessions Hinted

(Continued from Page 1)

just as the Koreans have performed an economic miracle, at least there is a fair chance that they'll be able to perform a political miracle."

An estimated 500 students demonstrated Saturday near East Gate in Seoul; police used tear gas to disperse them. Several hundred others fought police near the main rail station.

In Kwangju, police clashed with about 2,000 students Saturday night, firing tear gas canisters on a main avenue of the city. The students battled with rocks, and students atop three office buildings lobbed firebombs toward police.

Minor protests were reported in a half-dozen other cities.

Police said they had continued to hold about 800 of more than 3,460 people detained nationwide during the Friday protests.

Meanwhile, prosecutors asked for sentences of up to 15 years for five policemen charged in the torture and death of a student in January.

Public outrage over the death is believed to be one reason why anti-government demonstrations have continued with such force.

When the sentencing requests were announced, according to witnesses, a group of about 100 people, including the student's parents, broke chairs and threw eggs in the courtroom, shouting that the sentences were "too light for murderers."

In Washington on Friday, the Senate added its voice to Reagan administration pressure on the government of South Korea to renew negotiations with the opposition to

get a peaceful transition to full democracy.

The nonbinding resolution was unanimously approved, 74-0, during a rare Saturday session to take up a 1,000-page trade bill.

The bill's main sponsor, Senator Dennis DeConcini, Democrat of Arizona, said it would likely keep the Senate from adopting a more restrictive amendment being proposed by Senators Edward M. Kennedy, Democrat of Massachusetts, and Barbara A. Mikulski, Democrat of Maryland.

Their bill would take special trade preferences away from South Korea if it failed to make a peaceful transition to a freely elected government.

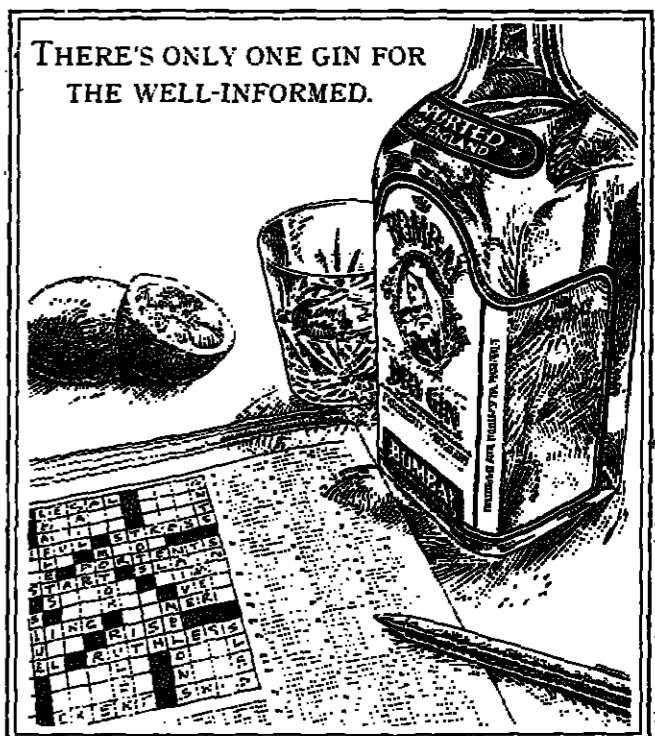
## Beijing Reports Praise by Carter

Agence France-Presse

BEIJING — Former President Jimmy Carter, traveling Sunday from Tibet to Beijing, was quoted by the official Xinhua news agency as saying that freedom of religion was flourishing in the Chinese-controlled autonomous region.

Mr. Carter, who arrived in the capital Sunday, was scheduled to meet on Monday with Deng Xiaoping, the Chinese leader.

According to Xinhua, Mr. Carter said that what he had seen in Tibet would change the view of Congress, which passed amendments to a budget bill June 18 criticizing the Chinese "occupation" of Tibet in 1951, human rights violations and the "immigration of millions of Chinese onto the Tibetan plateau."



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## IRAN: Meese May Have Obscured Facts on Contra Funds to Protect Reagan

(Continued from Page 1)

the national security adviser, John M. Poindexter, then a vice admiral, to delay an FBI investigation into the possible involvement of a company called Southern Air Transport in the shipment of arms to Nicaraguan rebels. Mr. Meese has since said that Admiral Poindexter justified this request by saying that Southern Air personnel were involved in the arms-for-hostages deal, which was at a sensitive juncture.

Mr. Meese's knowledge of the Iran initiative went back at least as far as Dec. 7, 1985, when he attended a high-level White House meeting with the president before a meeting in London between U.S. and Iranian representatives. On Jan. 7, 1986, and again on Jan. 16, he was involved in discussions with Mr. Reagan and others concerning a new presidential authorization for CIA involvement in the arms sales—one that was signed on Jan. 17.

Evidence now before congressional investigators has established that Mr. Meese was no novice in these matters when, on Nov. 7, 1986, he asked Mr. Cooper to look into the "wrinkles" of the Iran story, which had just broken in the American news media.

Only eight days earlier, on Oct. 30, Mr. Meese had been asked by

One is a new tax on vegetable oils and fats, and the other would affect currency supports for farmers. West Germany is dead set against the latter measure, which would hurt primarily German farmers, who benefit enormously from the currency supports.

The oils and fats tax, Britain, the Netherlands, Denmark and West Germany are flatly opposed. They contend that it could provoke a damaging trade war with the United States.

The southern countries, though, support the tax and the elimination of currency supports. They are also deeply disappointed that Prime Minister Wilfried Martens of Belgium, who toured EC capitals last week, has toned down the original Delors package.

The Belgian approach has thus reopened the north-south cleavage in the EC.

In general, the poorer southern nations support increased payments to the EC's coffers and greater development aid, while the wealthier northern countries emphasize budgetary rigor and the lifting of barriers to free trade.

The Italian foreign minister, Giulio Andreotti, told reporters that the Belgian paper should be thrown out, while the Spanish foreign minister, Francisco Fernandez Ordóñez, reportedly accused the Belgian leadership of caving in to pressure from the EC's wealthier members.

On the other hand, Britain and West Germany appeared relatively satisfied with the Belgian plan. Sir Geoffrey Howe, the British foreign secretary, reportedly told his colleagues that the way to help the poorer EC regions is to work toward the barrier-free internal market.

"The internal market is a major engine of cohesion," he said.

Belgium, meanwhile, was unable over the weekend to resolve a dispute between Britain and Spain over Gibraltar that has blocked a landmark accord on cheaper West European air fares. Madrid, which claims sovereignty over the British colony at the tip of southern Spain, insists that Gibraltar's small airport be excluded from the deal on liberalizing air transport in the community.

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### DRUGS: Abuse Up in Asia

(Continued from Page 1)

abus in Asia was affecting mainly young people, aggravating poverty, adversely affecting attitudes toward work and weakening national security.

It said heroin smuggling from Sri Lanka to Europe was one of the main means used by the Tamil insurgents to finance their rebellion against the government.

The study said the three countries most heavily affected by heroin addiction — Pakistan, Thailand and Burma — had a common characteristic in that they were big producers of opium from which heroin is refined, while both Thailand and Pakistan were major trafficking routes.

Therefore, there is in each case an abundant supply of opiates," the study said.

The survey recommended that the United States fund a narcotics education project in Asian countries that would cost \$5.5 million over five years. The U.S. government has earmarked more than \$20.5 million for drug-related activities in Asia in fiscal year 198



JULY 15, 1980

# WE STARTED WITH A BIG IDEA.



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# THEN WE LET NATURE TAKE ITS COURSE.

In 1919 Fredrik R. Bull started with the seed of a good idea. To produce a more efficient statistics processing tabulator.

Nearly seventy years later Groupe BULL is in the same business of data processing and communications. Though of course, the business now is light years away in terms of sophistication, innovation, application and breadth.

BULL is now an international business, operating in 75 countries with 26,800 employees (without counting Honeywell Bull Inc.). And it is the second largest sales network in the world.

This remarkable success hasn't happened just by accident. It has taken careful nurturing.

In particular the last three years leading up to the recent agreement with Honeywell and NEC have proved the most fruitful.

We knew then that we had a unique opportunity. We could provide the market with a genuine alternative source for all their data processing and communication needs.

But to do this we needed support. It was then that we hit on the solution. A very simple formula.

## BULL AND ITS CUSTOMERS A WINNING TEAM.

By working with our customers on their individual problems, together we could not only produce adequate solutions, but also we would benefit from having a deeper understanding of the market needs.

So the first objective was for BULL to become flexible enough to be able to respond effectively to the individual needs in an international market.

To achieve this we decided to develop intercommunicating systems that were not only adaptable in the extreme, but that respected our customers' freedom. In other words, systems that would allow any individual workstation to plug directly into other data processing, telematic or office automation services on the system.

Everything that we have done for years in terms of development has been done in line with this strategy.

## CUSTOMERS' FREEDOM.

The competitiveness of a company today depends on the quality of its people and the uses made of its capital of information. By developing systems that can communicate more freely with each other, BULL brings its customers a more efficient circulation, but also interaction, with their total capital of information.

For BULL's customers, this greater freedom to communicate means a greater freedom to choose, to combine and, ultimately, to grow.

Freedom to choose among large and medium systems, among scientific and industrial mini-computers, among distributed data processing and office automation systems, among professional micro computers.

Freedom to combine, allowing BULL's products and systems to be integrated into existing structures, even those made with material from other manufacturers.

Freedom to grow, because BULL is dedicated to adapting itself and its solutions to the evolution and growth of its customers.

## THE TREE OF COMMUNICATION.

To symbolize BULL's commitment to communication, growth and flexibility, the tree was a natural choice. Constantly evolving, with its roots in

solid ground and its branches reaching for the sky, the tree is present throughout the world, in as many shapes and sizes as there are businesses and organizations.

Small trees, like small systems, need to be nurtured in order to grow. And as they grow, circulation, be it of information or of life-giving sap, is of the utmost importance.

To do this, the tree must draw on all the resources in its environment. The larger the tree – or the system – grows, the more it must communicate, interact and exchange, across time and across space.

This growth happens naturally, but not always predictably, and it is BULL's strength to have understood that companies need the freedom to expand in a way that is germane to their specific concerns and needs.

## HONEYWELL BULL INC.: A NEW DIMENSION.

Growing out of our eventual aim to put Groupe BULL at the forefront of the world computer market by 1990 was our agreement with Honeywell and NEC to form Honeywell BULL Inc.

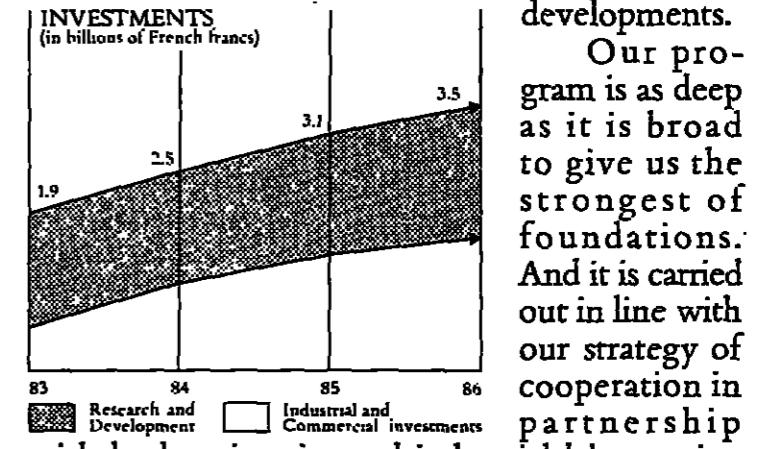
This not only gives us the complete spectrum of computer hardware and software we need for the benefit of our customers. But it will also add considerably to our detailed understanding of the global market, and give us a worldwide presence and size to face market requirements.

For Groupe BULL, control of Honeywell BULL Inc. is furthermore an outstanding opportunity to complete its European presence and gain access to the US market by benefiting from the close ties established between BULL's teams and those of Honeywell over the past 17 years.

In light of this agreement, the expansion of cooperation with the Japanese group NEC is in keeping with BULL's strategy of alliances in which it is presently engaged with European industrialists.

## PREPARING THE GROUND FOR FUTURE GROWTH.

Heavy commitment to a continuing program of research has to be at the root of all our future developments.



Our program is as deep as it is broad to give us the strongest of foundations. And it is carried out in line with our strategy of cooperation in partnership with both university and industrial laboratories.

So, for instance, in conjunction with other major European computer companies, we are exploring the area of artificial intelligence and the products that can be developed from it.

We are involved with our customers to help them improve the efficiency of the software they have developed themselves.

We are part of a consortium that has developed the software now adopted by the European Esprit program.

In fact, on the Esprit program alone, we are participating in over thirty projects with more than a hundred different partners in industry and the universities.



# NOW WE'RE SPRINGING UP ALL OVER THE WORLD.

## ONE FRUIT OF OUR EFFORTS: THE BULL CP8\* SMART CARD.

True to its goal to remain in the vanguard of technological progress, BULL has developed the BULL CP8\* electronic micro circuit card.

Already familiar as a means of electronic payment, the BULL CP8\* card, with its indelible logic memory and microprocessor, can be used to control access to central computers and data bases, while protecting the privacy of data transmitted over public and private networks in remote data processing and telematic applications.

The BULL CP8\* also provides the possibility of a portable individual file, containing personal and confidential data.

The key feature of this advanced new product is its absolute security, due to the use of confidential codes in the card's microprocessor, the tamper-proof nature of the program used, and a built-in self-neutralizing structure.

With the BULL CP8\*, BULL is already branching out into the future.

\* Innovation Licence patent, 09.06.76.

## TRAINING FOR MORE FRUITFUL RESULTS.

In one way, our business is all about intelligence. And that is a human ability, which is totally dependent on the quality of our international staff. A team of 26,800 men and women.

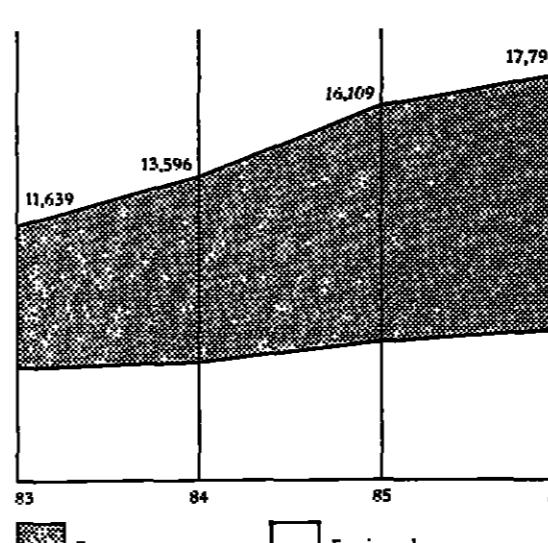
We believe the more we help these individuals develop their talents, the more we encourage them to cooperate and to work as a team, the more it will benefit our customers, ourselves and our staff.

To this end, BULL created a special quality control division in order to ensure no-fault performance at every level of the group's operations. Each of BULL's 26,800 employees, from the receptionists right up to top management, has taken an extensive quality training program to guarantee BULL's customers complete satisfaction, whatever their specific needs or requests might be.

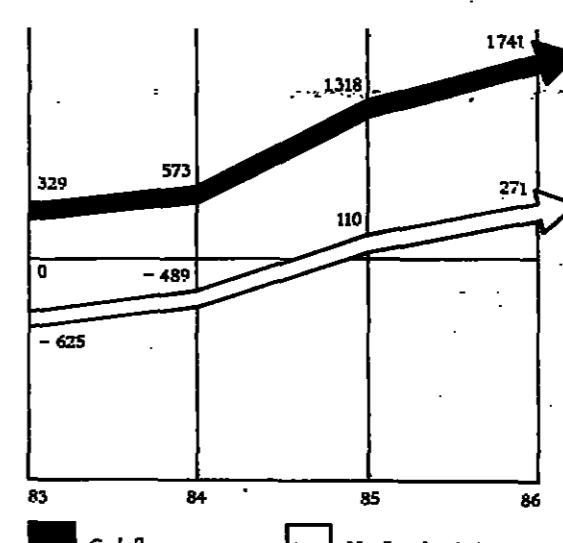
As we believe so strongly in working in partnership with our customers, we carry out a multinational annual survey of customer satisfaction with the aim partly to correct any faults in our services, but mainly so that we can anticipate any changes in their needs.

## THE SWEET SMELL OF SUCCESS.

WORLDWIDE REVENUE  
(in millions of French francs)



CASH FLOW AND NET RESULT  
(in millions of French francs)



The policies which were first implemented in 1983 are beginning to bear fruit. The financial situation continued to improve during 1986. Net profit was up more than two and a half times over the previous year: FF 271 million in 1986 compared to FF 110 million in 1985.

Revenue was also up, 10.5% to FF 17.8 billion, including FF 6.1 billion realised outside France.

Cash-flow represented 9.8% of revenue and was up to FF 1,741 million in 1986 against FF 1,318 million in 1985.

BULL and its customers indeed form a winning team.

BULL. The tree of communication.

**Bull**

checklist

MONDAY, JUNE 29, 1987

# BUSINESS/FINANCE

Joyce is listed

Page 7

## EUROBONDS

### 2d Quarter Volume Falls On Currency Volatility

By CARL GEWIRTZ  
*International Herald Tribune*

**P**ARIS — Activity in the Eurobond market slowed markedly during the second quarter, partly reflecting this year's turbulence in the foreign-exchange markets. Volume fell to \$33.9 billion, down 22 percent from the pace set in the opening three months of the year. The drop, according to figures supplied by Salomon Brothers Inc., was registered in all currency sectors except Australian and New Zealand dollars — popular instruments thanks to their high double-digit coupons.

Both the U.S. dollar and the Deutsche mark suffered nearly equal \$3 billion declines in the volume of new issues. For the dollar sector, this represented a drop of 17.5 percent while for the smaller DM market it was a reduction of 54 percent.

Euroyen bonds, down a scant 3 percent, were firmly established as the market's second most-popular currency behind the dollar. The yen, which only last year emerged as a challenger to the mark, has now far outdistanced that currency.

For the first six months of this year, new issues totaled \$82.3 billion. Bonds denominated in yen totaled \$16.4 billion compared to \$8.7 billion equivalent in DM. This doubled the year's share of total business from last year to 20 percent, well over the market's virtually unchanged 9.8 percent. The yen is now closing in on the dollar's 37 percent share — hardly changed from the record low set in the first quarter.

As the figures indicate, the volatile exchange rate environment pushing the value of the dollar down during the first six months does not fully explain this year's developments; the yen gained market share despite the nearly equal appreciation of the yen and the mark against the dollar.

Nevertheless, the unrest in the foreign exchange market and the reasons behind it are affecting the international capital market: They are contributing factors to the slowing pace of world economic growth and the reduced demand for borrowed funds to finance new investments.

**A**NOTHER element accounting for the slowdown in the market's activity is the reduction in prepayments of existing debt. Over the past years, a substantial amount of activity has been generated by such prepayments, where borrowers issued new debt bearing lower coupons. Early repayments are estimated to have accounted for some 20 percent of last year's activity.

But that trend may now be winding down. In part this is due to the full percentage-point rise in coupon rates on Eurodollar bonds since the start of this year following the rise in interest rates traceable to the dollar's weakness. Also, the highest-coupon debt has already been replaced.

While this may explain the reluctance of issuers to tap the market, investors have also been showing signs of fatigue. Since late 1984, the Eurobond market has registered a quarterly volume of new issues that up to then had been set annual.

That bing to buy bonds appears to be over. Many investment managers consider their portfolios to be overweighted in bonds and underweighted in stocks. In addition, there is considerable fear that the next big move in interest rates will be up rather than down — further reducing the appeal of bonds whose prices fall as interest rates rise.

Equally important, the credibility of the Eurobond market suffered incalculable damage after the collapse of trading in perpetual floating-rate notes and the subsequent impaired trading of ordinary floaters. These were exceptionally liquid markets where big volumes were traded at very thin spreads, with 10 basis points, or 0.10 percent, separating bid and offered prices.

With the liquidity in FRNs evaporating as fast as it did, evidenced by the widening of spreads, investors legitimately question the durability of other sectors. As a result, they have since shown a preference for the greater safety of domestic government bond markets where two-way business is always maintained.

The collapse of the FRN market has also skewed the quarterly statistics, exaggerating the dollar's fall from favor.

Since 1984, floaters have accounted for the largest amount of new issues denominated in dollars — outstripping so-called straight bonds bearing a coupon fixed for the life of the issue.

The demand for floating-rate dollar debt — mostly from banks — has not disappeared just because the market died. Banks continue to issue floating-rate money, but now it's done through swaps: selling fixed-coupon bonds in Australian dollars, for example, and swapping the proceeds for floating-rate U.S. dollars.

This is achieved through the sophisticated exploitation of anomalies between markets and between creditors, as well as

SEE EUROBONDS, Page 9

## Currency Rates

### Cross Rates

	\$	£	D.M.	F.F.	Y.U.	G.D.	S.F.	Yen
Amsterdam	2,055	3,175	172.55	32.25	0.3653	5.427	20.2525	180.25
Brussels (e)	27,875	41.14	207.75	3.25	0.0255	14.025	20.2525	180.25
Frankfurt	1,825	2.942	—	2.055	20.2525	4.225	128.57	134.95
London (b)	1,411	—	2,012	9.519	1,122.0	3.122	11.025	245.55
Milan	1,222	—	211.85	27.151	—	44.13	34.95	174.82
New York (c)	—	1,207	—	0.0655	1,324.50	2.055	27.157	157.55
Paris	1,079	—	2.324	—	4.4455	1.025	1.025	141.25
Tokyo	146.20	20.2525	—	—	72.14	9.644	—	—
Zurich	1,312	2.415	10.85	24.445	0.1144	72.145	4.007	1.025
1 ECU	1,352	—	2,072	4.917	1,582.07	2.204	43.956	1.72
1 SDR	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 DDM	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 DM	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 FRN	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 Guilder	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 Swiss franc	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 Yen	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 D.M.	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 D.D.M.	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 S.D.R.	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 Guilder	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
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1 D.M.	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 D.D.M.	1,205	—	2.072	5.708	16.014	2.322	45.517	1.593
1 S.D.R.	1,205	—	2.072	5.708</				

**NASDAQ National Market**

**OTC Consolidated trading for week ended Friday.**

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## Mutual Funds

*Figures as of close of trading Friday  
June 26*

$\Sigma V_0 - V_0$  | (Continued on next left-hand page)

# American Exchange Options

*Figures as of close of trading Friday.*

## New International Bond Issues

Compiled by Aimée Potter Hardouw

Issuer	Amount (millions)	Mat.	Coup. %	Price end week	Terms
<b>FLOATING RATE NOTES</b>					
CIVAS 2	\$100	1992	0.17	100	— Over 6-month Libor. Noncallable. Fees 0.10%. Denominations \$100,000.
Tops Series V	\$150	1992	0.15	100.10	— Over 6-month Libor. Noncallable. Fees 0.15%. Denominations \$250,000.
STAR 2	DM 300	1998	0.30	100.05	99.95 Over 6-month Libor. Callable at par in 1992. Fees 0.10%.
Brics Auto-Estradas de Portugal	Y 10,000	1992	0.60	100%	— Below the Japanese prime lending rate, semiannually. Noncallable. Fees 0.55%. Denominations 10 million yen.
<b>FIXED-COUPON</b>					
Coca-Cola Enterprises	\$100	1990	84	101.14	100.10 Noncallable. Fees 1.10%.
Guangdong Int'l Trust & Investment	\$50	1992	84	100%	— Noncallable. Fees 1.10%.
Canon Europa	DM 100	1994	64	99.16	98.25 Noncallable. Fees 2.10%.
World Bank	DM 600	1997	64	99.14	98.35 Noncallable. Fees 1.10%.
European Investment	IL 150,000	1994	10	100%	98.75 Callable at 101% in 1992. Fees 1.10%.
Solvay Finance Bermuda	ECU 50	1995	74	100	98.00 Noncallable. Fees 1.10%.
World Bank	ECU 150	1994	74	101.14	98.88 Noncallable. Fees 1.10%. Increased from 100 million ECU.
Central Capital	CS 75	1992	10%	101.14	98.63 Noncallable. Fees 1.10%.
DKB Netherlands	CS 100	1992	94	100%	98.88 Noncallable. Fees 1.10%.
Genossenschaftliche Zentralbank	CS 100	1993	94	101.14	99.24 Noncallable. Increased from CS 75 million. Fees 1.10%.
Province of Saskatchewan	CS 150	1990	94	101.14	99.63 Noncallable. Fees 1.10%.
Régie des Télégraphes et des Téléphones	CS 87	1990	94	101.14	99.75 Noncallable. Fees 1.10%. Denominations CS 150,000.
Alcoa	Aus\$ 50	1990	14	101.14	— Noncallable. Fees 1.10%.
ASX-CGER Finance	Aus\$ 50	1990	14%	101.14	99.45 Noncallable. Fees 1.10%.
Australian Industrial Development Corp.	Aus\$ 50	1992	14	101.14	99.75 Noncallable. Fees 2.10%.
Crédit Lyonnais Australie	Aus\$ 65	1991	14	101.14	99.50 Noncallable. Fees 1.10%.
GTE Finance	Aus\$ 75	1992	14	101.14	99.13 Noncallable. Fees 2.10%.
Indosuez Australia	Aus\$ 50	1991	14%	101.14	99.25 Noncallable. Fees 1.10%.
Royal Trustco	Aus\$ 50	1992	14%	101.14	99.50 Noncallable. Fees 2.10%.
Westland-Utrecht Hypotheekbank	Aus\$ 50	1990	14%	101.14	99.63 Noncallable. Fees 1.10%.
Crédit Lyonnais	Y 10,000	1992	6	108.14	— Noncallable. Fees 1.10%. Denominations 10 million yen.
Ford Motor Credit	Y 15,000	1992	1	101	— Coupon is 1% for first two years, increasing to 7% thereafter. Noncallable. Fees 1.10%. Denominations 10 million yen.
World Bank	Y 10,000	1997	4.8	100	— Semiannually. Private placement.
<b>EQUITY-LINKED</b>					
Bond Finance Int'l	\$200	1997	54	100	99.50 Redemable at 116% in 1992 to yield 8.53%. Convertible at Aus\$2.89 per share, on 18% premium, and of Aus\$1.29 per dollar. Fees 2.10%.
Chase Finance New Zealand	\$75	1997	open	100	— Coupon indicated or 54%. Convertible at an expected 16% to 20% premium. Redemable in 1992 to yield 8.6%. Fees 2.10%. Terms to be set July 1.
Cosmo Securities	\$50	1992	1%	100	— Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 2.51% per share and of 14.70% per dollar. Fees 2.10%.
Emhart	\$50	2002	open	100	99.88 Coupon indicated at 64% to 68%. Convertible at an expected 18% to 22%. Fees 2.10%. Terms to be set June 29.
Kojima	\$200	1992	open	100	— Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%.
Mentor	\$30	2002	open	100	99.00 Coupon indicated at 64%. Convertible at an expected 17% to 20% premium. Fees 2.10%. Terms to be set July 2.
Nichirei	\$100	1992	open	100	97.75 Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%.
Nichirei	\$50	1994	open	100	96.50 Coupon indicated at 21%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%. Terms to be set June 29.
Nippon Oil & Fats	\$70	1992	1%	100	97.00 Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.15% per share and of 14.50% per dollar. Fees 2.10%.
Nippon Shinpan	\$400	1992	open	100	96.00 Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%.
Nokia	\$100	1992	5	100	102.50 Each \$5,000 bond with 134 warrants exercisable into company's shares at a price to be set June 29. Fees 2.10%.
Obayashi Roads Construction	\$25	1992	open	100	— Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%.
Okumura	\$100	1992	open	100	— Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%.
Pasco	\$85	1992	1%	100	— Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1,017% per share and of 14.70% per dollar. Fees 2.10%.
The Rouse Co.	\$130	2002	54	100	98.00 Convertible at an expected 21% to 25% premium. Fees 2.10%. Terms to be set July 2.
Shinagawa Fuel	\$50	1992	open	100	97.00 Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%. Terms to be set July 1.
Toyama Chemical	\$50	1992	1%	100	94.50 Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.43% per share and of 14.60% per dollar. Fees 2.10%.
Toyota Motor	\$800	1992	open	100	98.25 Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%.
Yamamura Glass	\$40	1992	1%	100	— Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 547 yen per share and of 14.60% per dollar. Fees 2.10%.
Yamanouchi Pharmaceutical	\$100	1992	open	100	100.00 Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 22% premium. Fees 2.10%. Terms to be set June 30.
Bond Finance Int'l	£ 80	1997	6	100	99.50 Redemable at 124 in 1992 to yield 9.40%. Convertible at Aus\$2.89 per share, on 18% premium, and of Aus\$2.42 per pound. Fees 2.10%.

## EUROBONDS: Foreign Exchange Volatility Cuts Demand for Funds

(Continued from first finance page) from competition among banks seeking to win new business by offering swaps at rates that could otherwise not be achieved.

The annual report of the Bank for International Settlements issued in June estimated that 20 percent of new international bond issues last year were of the currency- or interest-rate swaps.

The BIS added that "issuing activity in some of the smaller currency sectors seems to have been almost entirely swap-driven. At least 70 percent of new issues in Australian and New Zealand dollars were swapped by borrowers into other currencies."

"The increase in activity in several European currencies, such as the French franc, Dutch guilder and Danish krone, also appears to have been largely related to swap operations," it continued. "Moreover, nearly 50 percent of new issues of yen-denominated bonds were swapped."

This, then, explains the astounding increase in the volume of Australian dollar Eurobonds so far this

year. At \$6.4 billion, more than double the amount of paper issued in all of last year, the A-dollar accounted for 7.8 percent of total first-half volume. As indicated earlier, the paper is also popular with investors attracted by the high coupons.

The swap activity also helps to explain why the yen has captured a much larger share of the total market than the Deutsche mark — from which swap opportunities are much less abundant.

While the swap activity may distort the U.S. dollar's loss of market share, there is no doubt that the currency is much less attractive to investors.

The Salomon Brothers figures show that \$30.6 billion of U.S. dollar Eurobonds were issued in the first six months. Of this, straight bonds accounted for \$24.27 billion. Another \$2 billion was in FRNs and \$4.3 billion was in convertible bonds that can be exchanged for stock.

However, what the Salomon figures do not show is that almost half of the straight-bond volume — some \$11 billion — was debt carry-

## DEBT: Novel Repayment Solution for Mexican Company Suggests Global Applications

(Continued from first finance page) leasing company close to bankruptcy from trying to service \$33 million in foreign currency bank loans, will purchase for about 10 cents on the dollar long-term zero-coupon U.S. Treasury bonds.

Zero-coupon bonds are instruments on which no interest is paid. The bonds are sold at substantial discounts from the nominal value — such as 10 cents for paper that will be worth \$1 at maturity.

The Treasury does not itself issue zeroes, but securities firms can create them by stripping out the semiannual interest paid on standard government bonds and then selling each interest payment and a final redemption amount as a separate zero-coupon bond.

Arrendadora Atlas will use such bonds having a maturity of more than 20 years as the collateral for a new security it will issue in exchange for the existing bank debt on a dollar-for-dollar basis. One dollar of bank debt will be exchanged for one dollar of collateralized security. The banks will suffer no loss of principal.

When the zero-coupon bond matures the banks will receive full payment of the amount they initial-

ly lent, although much later than on the values of their outstanding loans.

In the meantime, Arrendadora will continue to pay interest to the banks. But in exchange for this guaranteed repayment, Arrendadora is slashing in half the rate of

interest it had expected when they extended the loans.

The restructuring will leave the company solvent, Mr. Schirano said. He added that the company would service interest on the new security out of its current cash flow. Mr. Schirano said he believed the

oil exporting states. Also, not all the money is owed to the banks.

Rimander de Vries, chief economist at Morgan Guaranty Trust Co., estimated in an interview that less than \$400 billion in debt would be involved in the key debtor countries. More than half of that would

be from the oil exporting states. Also, not all the money is owed to the banks.

As shown by Arrendadora Atlas, the superior credit backing would justify a sharp reduction in the lending charges imposed by the banks. As for the 20-year waiting period before being repaid, banks have already agreed to reschedule debts stretching 20 years and still have no assurance of repayment.

In return, the World Bank would be in a position to insist that the debtor countries pursue economic policies aimed at restoring their health and, at the same time, to elicit from the banks extensions of new loans to finance development.

In theory at least, U.S. commercial banks should be able to move loans backed by U.S. government zero bonds from being classified as a credit to, say, Mexico to a credit extended by the U.S. government.

However, these global numbers distort the situation. Not all debtor developing countries are in crisis; witness the strength of the countries in Southeast Asia, and many

have to be taken off the books to restore confidence.

As for where the money would come from, Mr. de Vries suggested that the major debtors such as Mexico and Brazil could use a portion of their existing large reserves.

Mr. Rashish, former U.S. undersecretary of state for economic affairs and now a private consultant in Washington, had another suggestion. Mr. Rashish, a strong proponent of defense, said in a telephone interview that Japan could lend us \$20 billion to

the service sector.

Technique could be applied throughout the developing world.

At first glance, applying this scheme to the total Third World debt problem looks overwhelming. The debt now totals about \$1 trillion.

Mr. Rashish, a strong proponent of defense, said in a telephone interview that Arrendadora Atlas "was able to restructure its balance sheet entirely while at the same time banks suffered no write-downs."

Interest it had been paying to a rate of 13/16 percentage point over the London interbank offered rate, Libor, the benchmark for the bulk of the commercial bank lending to developing countries.

Arrendadora's debt rescheduling, due to be signed Monday, was arranged by First Interstate Bank, based in California.

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## PARACHUTES: Rich Severance Payments for U.S. Executives Have Become Common Practice

(Continued from Page 7)  
their senior executives are assured a safe landing in the event of a change of control, if indeed they have not already done so.

"Severance issues used to be dealt with on a gentlemanly basis," said E. Webb Bassick, a partner with Hewitt Associates, an executive compensation firm. "But we have entered such a fierce environment of competition with unfriendly raiders that the gentlemanly ways have been tossed out."

Originally, parachutes were billed as weapons to discourage pesky suitors. But that threat proved virtually worthless in the multimillion-dollar corporate takeover game.

"It's like a mosquito bothering an elephant," Mr. Dwyer said.

Instead, the payments have become another perquisite of power.

JWT Group Inc., the advertising agency that agreed Friday to be acquired by Britain's WPP Group PLC, had quickly approved "severance agreements" for 26 key employees when WPP first came calling. These guarantee cash equal to

triples the employees' salaries and other benefits for three years.

Gillette Co., a veteran of the takeover wars, has in place a parachute that would triple almost all its employees' salaries for five years. Revlon is trying to buy Gillette with Hutton that could be

Kidder agreed this month to pay M. Fenton, who headed the brokerage firm during the worst scandal in its history, \$4 million in cash, and a subsequent award of \$465,000 annually in additional pension benefits and a consulting contract with Hutton that could be

were installed to cushion a drop from the corporate hierarchy after a takeover, the study showed. But a third of them could be triggered by loss of a job for any reason.

Both the size of contracts and their growing number have made them the center of a debate over the proper pay for a chief executive.

From the beginning of time and forever the question will be how much is a good man worth and how little should a bad one be paid?

said Mr. Agree, who popped open a \$4 million parachute after he sold

Bentix to Allied Corp.

Robert B. Reich, professor of

political economy at Harvard University's John F. Kennedy School of Government, views parachutes as a form of bribery that suggests that managers would not act in the interest of shareholders otherwise.

He also thinks they hurt productivity. "Workers look at golden parachutes and say, 'Why should I knock myself out for this company?'" he said.

The union leadership at Time Inc. for example, is unhappy with a \$4 million severance package a former Time Inc. chairman, Ralph

Davidson, is collecting now and after his retirement from the board at the end of next January.

Among other payments, Mr. Davidson, 59, will receive a \$415,000 guaranteed salary until his retirement, as well as a bonus, a two-year consulting contract, pension benefits and \$18,500 in legal fees. His salary was \$573,799 in 1986.

"I think it's an expensive squeeze play at the top at a time when many people are losing their jobs at the company," said Key Martin, unit chairman at Time Inc. for the Newspaper Guild of New York.

Similarly, employees at CBS who have lost their jobs since Laurence A. Tisch took over as chief executive looked askance at Mr. Wyman's settlement and that of Van Gordon Sauer, who was president of the troubled CBS news division.

Several other CBS executives have employment contracts, some with

special provisions that protect

them in the event of a takeover.

There are also silver parachutes,

such as the one installed by the

airline America West covering

5,000 workers.

"We put it in to relieve the anxiety

of our employees and send a strong message to potential buyers," said Mark Coleman, America West's senior vice president for market planning.

Beneficial Corp. of Wilmington, Delaware, has taken a slightly different approach by covering a broad band of middle managers at a potential cost of \$53.8 million.

The payments that really raise

eyebrows, however, are the stratospheric parachutes such as the \$35 million that Michel C. Bergerac, Revlon's former chairman, took with him when the investor Ronald O. Perleman — who is trying again to acquire Gillette — deposited him.

Some shareholders and critics of

parachutes in general are also irate

over how they are installed. Al-

though such packages have to be

disclosed in companies' proxy

statements, many are nearly impossible to find for the average shareholder to understand.

Another sticking point is when parachutes are approved. Many a sudden exit of an executive comes with a last-minute parachute ap-

proved by a sympathetic board.

"Some of these benefits cannot

be ascertained until we come to the

moment of truth," said Grefe Cristal, a professor of organizational

behavior at the University of California's business school.

Finally, though parachute sup-

porters say the payments are small

relative to a company's assets or

the prices struck in takeover deals,

some experts claim that paying

parachutes detracts from the value

of a company.

**General to Buy Northern Star**

International Herald Tribune

**ROME —** Assicurazioni Generali, Italy's leading insurer, has agreed to acquire British's Northern Star for an unspecified sum.

The purchase of Northern Star, which had premium income of \$30 million (\$48.3 million) last year from Union des Assurances de Paris, is forms part of Generali's interna-

tional expansion strategy, Enrico Randone, its president, said Saturday.

Generali will issue a dividend of 600 lire (46 cents) per share, up 40 percent, and a bonus issue of one new share for every five already held, bringing nominal share capital to 420 billion lire from 350 bil-

## NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued from page 1)

	Sales In 100s	High	Low	Close	Net Chg	Sales In 100s	High	Low	Close	Net Chg	Sales In 100s	High	Low	Close	Net Chg	Sales In 100s	High	Low	Close	Net Chg	Sales In 100s	High	Low	Close	Net Chg				
Infran	805.19*	100	80	90	+10	Infran	805.19*	100	80	90	+10	Infran	805.19*	100	80	90	+10	Infran	805.19*	100	80	90	+10	Infran	805.19*	100	80	90	+10
Intertec	370.00	400	350	380	+10	Intertec	370.00	400	350	380	+10	Intertec	370.00	400	350	380	+10	Intertec	370.00	400	350	380	+10	Intertec	370.00	400	350	380	+10
Intertek	75.20	80	70	85	+5	Intertek	75.20	80	70	85	+5	Intertek	75.20	80	70	85	+5	Intertek	75.20	80	70	85	+5	Intertek	75.20	80	70	85	+5
Intertech	200.11	220	180	210	+10	Intertech	200.11	220	180	210	+10	Intertech	200.11	220	180	210	+10	Intertech	200.11	220	180	210	+10	Intertech	200.11	220	180	210	+10
Intertek	100.14	120	90	110	+10	Intertek	100.14	120	90	110	+10	Intertek	100.14	120	90	110	+10	Intertek	100.14	120	90	110	+10	Intertek	100.14	120	90	110	+10
Intertek	90.53	100	80	95	+5	Intertek	90.53	100	80	95	+5	Intertek	90.53	100	80	95	+5	Intertek	90.53	100	80	95	+5	Intertek	90.53	100	80	95	+5
Intertek	100.00	120	90	110	+10	Intertek	100.00	120	90	110	+10	Intertek	100.00	120	90	110	+10	Intertek	100.00	120	90	110	+10	Intertek	100.00	120	90	110	+10
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## MBA: U.S. Programs Seeking to Create Market Niche as European Demand Grows

(Continued from Page 1)  
 doubled since 1974, to 650 from 59. But that, too, is changing. Many MBA programs are starting to feel the pinch, in particular those names lack the resonance of Harvard or Stanford. Mr. Kurish says that, at Hartford's Barne School of Business and Public Administration, enrollment has fallen in recent years by as much as a percent a semester.

No one is sure exactly how many U.S. business colleges have come to Europe, though the figure in Paris gives a clue: at least three in the last couple of years. The invasion has taken two forms: separate campuses, such as Hartford's; and links with established European schools. Mutual exchange programs for students and teachers.

Virtually all the better-known U.S. schools, and many others, have chosen the second approach. For example, Clark University of Worcester, Massachusetts, considered opening a program in Paris but finally decided on a link with l'Ecole Supérieure de Gestion, a French undergraduate business school, that will allow ESC graduates to get their MBAs from Clark's home campus in as little as eight months, if they are qualified.

Other schools, such as Hartford, are jumping headlong into Europe, establishing separate campuses and English-language programs from their home bases. The aim, they say, is to enhance the reputation of the home campus and eventually raise enrollment there.

"The European program will not make money for us in any of their locations," said William J. Duggan, dean of Webster University's graduate school in St. Louis, Missouri. "What we want to do is get the European programs at a break-even point," he said. "The payoff will be that, once our American students realize that we have these options, the programs will bring students to our campus here."

Yet educators say these programs' separateness raises concern about their quality.

To save money, the branches generally use very little faculty from the home campus, relying instead on "adjuncts" from the communities where they are based. They often lack adequate libraries and other facilities. And so the programs will be cheaper, they are often shorter than the two-year equivalent required by the American Assembly of Collegiate Schools of Business, the body that accredits MBAs in the United States.

For these reasons, officials of the St. Louis-based assembly say, none of the U.S. colleges offering separate programs is accredited by the body, either in the United States or in Europe, though most of the colleges are accredited on a much broader basis by regional authori-

ties that do not pass judgment over specific academic curricula.

"It is awfully hard, that many miles off, to monitor quality and maintain the kind of program that you'd expect on the home campus," said Charles Hickman, the assembly's director of projects and member services.

Of the 650 MBA programs in the United States, 222 are accredited, including those of all the top schools except for Yale's very untraditional School of Organization and Management.

Bonnie Baranowski, assistant dean at the Barney school in West Hartford, denied that accreditation was "an indicator of quality" or of minimum professional standards, such as doctors or engineers might require. "It merely indicates that you are following the curriculum that they have said you should follow," she said.

She said that, while Barney met the assembly's standards, it had chosen not to seek accreditation. Now, however, it is reconsidering that decision, she said.

The risks of coming to Europe can be great. North Texas, for example, canceled a faculty-exchange program with a Zurich graduate school when the Swiss school began using the Texas university's name and logo on diplomas.

Planning problems forced Clark to delay the start of its program, while Hartford's original French partner went out of business just after the Paris program got under way. Now it has a new partner.

Webster University was one of the first U.S. schools to decide that the risks might be worth taking. If Webster is better known than Hartford in the United States, it is probably less for its parent campus in St. Louis than for a dozen or so satellites across the United States.

The university, founded in 1915, has been one of the most aggressive in the country in opening campuses near military bases and in other areas where the supply of inexpensive part-time college courses has not kept pace with demand.

Webster's first European branch, in Geneva, was created to cater to that city's large English-speaking diplomatic community. It has since added campuses in Vienna, London and Leiden, Netherlands.

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ties that do not pass judgment over specific academic curricula.

"Curriculum is controlled from St. Louis," said Robert D. Brooks, the Vienna director. "We can propose, but St. Louis must sign off. St. Louis monitors us closely. Every syllabus goes to St. Louis."

Most students study a business

curriculum, but the campuses offer courses in the liberal arts as well.

This is not the case with Hartford, whose Paris campus offers only an MBA program, compressed into 12 months. Mr. Kurish said that the curriculum was "intensive" and that the school was serious in its commitment to "excellent" management education.

For example, he said, it flies most of its teachers in from Connecticut each quarter, though it uses occasional free-lancers based in Paris.

"I can't honestly say that you are getting a University of Hartford degree if you're not getting my professors," Mr. Kurish said. "It would be a little dishonest."

## IPME Trains Managers for Smaller Firms

By Kurt A. Ruderman  
*International Herald Tribune*

**PARIS** — Ten years ago, the paths of two ambitious business graduates crossed on the faculty at the European Business School in Paris. Michel Robic, director of the program in finance, and Jacques Bensoussan, head of marketing studies, both had extensive experience as consultants for small and medium-size companies in France.

The stagnation economies that afflicted most industrial nations in the 1980s prompted the creation of IPME and similar schools in France. "During this period, large corporations had to deal with a tough home market, and an even tougher foreign one, just barely holding their ground while having to reduce their work force," Mr. Robic said. "However, during this period small and medium-sized companies experienced growth, as well as a rise in employment."

IPME instructors are professionals in fields ranging from business to law. They supplement the academic curriculum with on-site training.

Bruno Coia, 22, a sales manager at Optima, joined the software distributing company after serving two internships there as part of his undergraduate training with IPME.

"I chose IPME after looking at several professional schools," Mr. Coia said. "I found them far too theoretical. I did not want to spend 8 hours a day in a classroom."

Pascal Dinga, 23, heads a sales team at France Construction, a subsidiary of Bouygues SA. He

attributes his management success to his practical internship, particularly in the United States.

He recalled that a market study he was doing in the United States for Jeuxart, a luxury game manufacturer, had met with little response, a problem that was compounded by a 25-percent decline in the dollar. The experience, he said, gave him an idea for a game that he was able to market successfully on his return to France.

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France has 1.5 million companies that fall into the small and medium-size category, accounting for 60 percent of the gross national product and 66 percent of the labor force.

The French government recently awarded a 700,000 franc (\$16,670) contract to IPME and the Université de Technologie de Compiègne to coordinate a campaign to stimulate French exports.

Students qualify for IPME upon receiving their baccalaureat. They must pass tests in analytical skills and English before being admitted to the three-year course, where the emphasis is on practical training, including an internship in the United States. To enter the three-year program of the grandes écoles, in addition to the baccalaureat a student must take a two-year preparatory program where the emphasis is on mathematics.

## Chance of U.S. Retaliation Grows Amid Thai Resistance on Copyrights

By Patrick L. Smith  
*International Herald Tribune*

**BANGKOK** — Alone in East Asia, Thailand is resisting efforts to protect U.S. copyrights, patents and trademarks. Leading many analysts to predict that Washington will be forced to retaliate by downgrading the nation's status as a trade partner.

In response to increased pressure from the United States, almost all Asian countries known to violate the intellectual property rights of U.S. companies have introduced legislation in recent months that is intended to curb the "pirating" of U.S.-made products ranging from audio tapes to prescription drugs and computer software.

Thailand's emergence as the only holdout in the region is partly a reflection of its highly nationalistic character and partly indicates a gradual souring of its economic relations with the United States over the past two years.

Although Prime Minister Prem Tinsulanonda appears committed to strengthening Thai regulations on intellectual property rights, the issue has become a potentially divisive one for Mr. Prem's four-party coalition government.

After years of periodic talks with U.S. negotiators, the Prem administration introduced amendments to Thailand's current copyright regulations last month. This has prompted charges from the prime minister's political opponents that the government is displaying weakness in responding to pressure from the United States.

In many cases, such items are still available, although less readily. But U.S. officials are satisfied that most governments are making efforts to strengthen regulations and implement them more forcibly.

In Thailand, however, audio cassettes are still available in any street market for about \$1 and film cassettes can be rented for slightly

more than that. The other main issues here involve unauthorized textbook publishing, the reproduction

of patented medicines and the rampant theft of computer software programs.

Last month the Reagan administration's trade representative, Clayton K. Yeutter, received two petitions from U.S. industry groups, one involving pharmaceutical patents and the other from a coalition of businesses concerned with intellectual property rights.

Both petitions called for the suspension of Thailand's privileges under the Generalized System of Preferences, which awards duty-free status to a portion of imports from nations classified under it.

Mr. Yeutter is expected to accept the petitions as matters for investigation and to restart negotiations with Bangkok.

The most contentious aspect of the copyright issue is whether computer software should be covered by Thai law.

Many political leaders, including Deputy Prime Minister Bhichai Rattakai, assert that inexpensive software is essential to the nation's economic development.

The question of trademarks and patents, including those covering prescription drugs, has not yet been addressed. But there is a widespread view in Thailand that copied formulas are necessary to keep medicines within the reach of most Thais.

Mr. Prem's opponents have seized on these issues, political sources say, partly as a means of asserting parliamentary power and the interests of dissatisfied members of the governing coalition.

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## SPORTS

## SPORTS BRIEFS

## VANTAGE POINT / Michael Goodwin

## Chang Successfully Defends Title 13th Time

INCHON, South Korea (AP) — World Boxing Council champion Chang Jung-koo of South Korea knocked down Augustin Garcia of Columbia three times Sunday, then finished him in the 10th round to successfully defend his light-flyweight title for the 13th time.

Garcia ranked fifth, collapsed in the 10th after a barrage of body blows in the scheduled 12-round bout. His record fell to 23-6-3; Chang, 24, raised his to 35-1. The champion weighed in at 107.6 pounds (48.9 kilograms) and Garcia, 27, at 107 pounds.

Chang, who won the title from Hilario Zapata of Panama in 1983, attacked from the outset, while Garcia used hit-and-run tactics. Chang twice floored his opponent with jolting hooks in the seventh round and once in the eighth.

## Azinger 3-Shot Leader in U.S. Golf Tourney

CROMWELL, Connecticut (AP) — Paul Azinger shot an eight-under-par 63 on a rainy Saturday to hold a three-stroke lead over Wayne Levi after three rounds of the Greater Hartford Open golf tournament.

Azinger, the PGA tour's No. 2 money-winner this season, birdied the third through fifth holes, then birdied Nos. 7, 10 and 11 and closed his day with birdies on 17 and 18. His bogey-free round fell one stroke short of the course record set by last year's winner, Mac O'Grady.

Levi, who shot 64 for the opening-round lead, carded 68 on Saturday and was at 200. Bernhard Langer of West Germany, the 36-hole leader off a second-straight 65, faltered to 72 and dropped into tie with Gene Sauers at 202. Sauers shot 68.

Heavy rain interrupted play for 1 hour and 40 minutes before the leaders teed off, and it rained most of the afternoon. Aki Ohmachi of Tokyo was disqualified when he began playing before the siren sounded to officially resume the tournament.

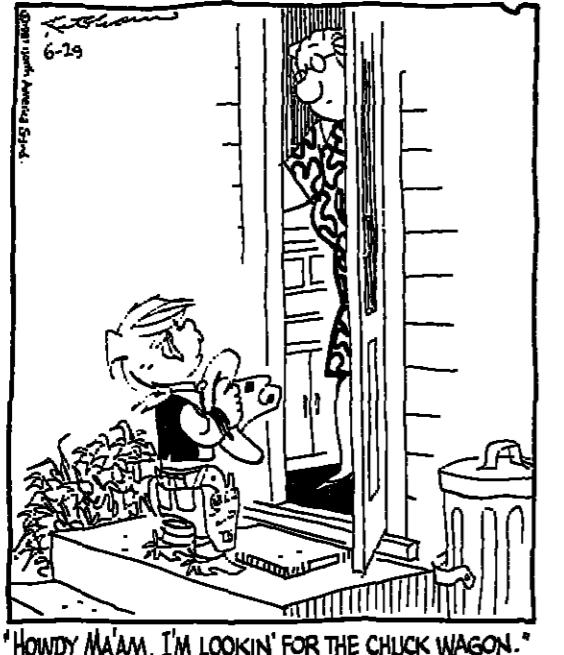
ACROSS
1 Canines
5 Quasi
9 Kitchen implement
14 Opera highlight
15 Nobelist in Literature: 1947
16 Sierra
17 Home decor
19 "As You Like It"
20 Scheduled
21 Cole Porter's "Love"
23 Feminists' goal
24 Hot weather
27 Bit of butter
30 N.Y. canal
31 Where Springsteen was born
32 Lesser
34 Cell-nuclei substances
36 — avis (oddy)
40 "Anna —" Yordan play
42 Ebbs
44 Cease
45 Invitation abbr.
47 Controls for colts
48 Suffix with Annals
50 Role for Jose Ferrer

52 Heavy weight
53 Cold-weather home adjunct
58 Cries of delight
59 "Money — everything"
60 Wild ass
64 Adhesive ornament
66 Type of gardener
68 "— of Two Cities"
69 Taj Mahal site
70 Paul — Swiss artist
71 Darnells
72 Affirmative votes
73 Search for
DOWN
1 Crows' cousins
2 By mouth
3 — monster.
4 Veteran sailors
5 Morocco quake size: 1960
6 Taste the soup
7 Think-tank occupants
8 Famed atomic physicist
9 Noisy bell sounds
10 Above, to Key
11 Cowboys' contest
12 New Year's month, in Madrid

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## DENNIS THE MENACE



"HOWDY, MAAM. I'M LOOKIN' FOR THE CHUCK WAGON."

## JUMBLE THAT SCRABBLED WORD GAME

by Hem Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

WRONG

MYPTE

JETNUK

NAWDDE

Print answer here: HIS

Jumbles: TESTY VIXEN LIKELY EASILY

Answer: What liars do after they die—LIE STILL

(Answers tomorrow)

Friday's Jumble: TESTY VIXEN LIKELY EASILY

Answer: What liars do after they die—LIE STILL

Answers tomorrow

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